THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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This circular, for which the directors (the "**Directors**") of Zhonghua Gas Holdings Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange 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 circular 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 circular misleading.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in the Company, you should at once hand this circular and accompanying proxy form to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser(s) or transferee(s).

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)

(1) CONNECTED TRANSACTION IN RELATION TO LOAN CAPITALISATION THROUGH SUBSCRIPTION OF NEW SHARES BY A SUBSTANTIAL SHAREHOLDER UNDER SPECIFIC MANDATE AND (2) NOTICE OF THE EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

ALTUS CAPITAL LIMITED

Capitalised terms used on this cover page have the same meaning as defined in the section headed "Definitions" in this circular, unless the context requires otherwise

A letter from the Board is set out on pages 5 to 17 of this circular. This circular will remain on the website of the Stock Exchange at www.hkexnews.hk on the "Latest Listed Company Information" page for at least 7 days from the date of its posting. This circular will also be posted on the Company's website at www.8246hk.com.

A notice convening the EGM to be held at 24/F, Office Plus @ Wan Chai, 303 Hennessy Road, Wan Chai, Hong Kong on Monday, 8 December 2025 at 10:00 a.m. is set out on pages 52 to 54 of this circular. A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

19 November 2025

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"Announcement"	the announcement of the Company dated 20 October 2025 in relation to the Loan Capitalisation
"associate(s)"	has the meaning as ascribed to it/them under the GEM Listing Rules
"Board"	the board of Directors of the Company
"Business Day(s)"	a day (other than Saturday, Sunday and days on which a tropical cyclone warning No. 8 or above or a "black rainstorm warning signal" is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are open in Hong Kong for general banking business
"Capitalisation Price"	HK$0.098 per Capitalisation Share
"Capitalisation Shares"	140,000,000 new Shares to be allotted and issued to the Subscriber by the Company at the Capitalisation Price pursuant to the Loan Capitalisation Agreement, each a Capitalisation Share
"Company"	Zhonghua Gas Holdings Limited (中華燃氣控股有限公司) (stock code: 8246), a company incorporated in the Cayman Islands with limited liability whose securities are listed on GEM
"Completion"	completion of the allotment and issue of the Capitalisation Shares
"Completion Date"	the date of Completion
"connected person(s)"	has the meaning as ascribed to it under the GEM Listing Rules
"controlling shareholder(s)"	has the meaning as ascribed to it under the GEM Listing Rules
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened and held at 24/F, Office Plus @ Wan Chai, 303 Hennessy Road, Wan Chai, Hong Kong at 10:00 a.m. on Monday, 8 December 2025 for the Independent Shareholders to consider and approve, if thought fit, the Loan Capitalisation and the transactions contemplated thereunder and the grant of the Specific Mandate to allot and issue the Capitalisation Shares

"Front Riches"	Front Riches Investments Limited, a company incorporated in the British Virgin Islands with limited liability and wholly owned by the Subscriber
"Gainup"	Gainup Limited, a company incorporated in the British Virgin Islands with limited liability and wholly owned by Ms. Lin
"GEM"	GEM of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong Dollar, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	an independent committee of the Board comprising all the independent non-executive Directors, namely Ms. Ma Lee, Mr. Lau Kwok Kee and Mr. Wang Weijie
"Independent Financial Adviser"	Altus Capital Limited, a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities as defined under the SFO), being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Loan Capitalisation Agreement and the transactions contemplated thereunder
"Independent Shareholders"	Shareholder(s) other than those who are required under the GEM Listing Rules to abstain from voting on the resolution(s) to approve the Loan Capitalisation Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) to be proposed at the EGM
"Latest Practicable Date"	18 November 2025, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
"Loan"	the unsecured shareholder's loan in the principal amount of HK$36,861,640 due from the Group to the Subscriber as at the date of the Loan Capitalisation Agreement

"Loan Capitalisation"	conversion of the Partial Loan into the Capitalisation Shares by applying the Partial Loan in payment of the subscription amount for the Capitalisation Shares credited as fully paid to the Subscriber under the Loan Capitalisation Agreement
"Loan Capitalisation Agreement"	the conditional agreement dated 20 October 2025 entered into between the Subscriber and the Company in relation to the Loan Capitalisation
"Long Stop Date"	the date upon the expiry of six (6) months from the date of the Loan Capitalisation Agreement, or such other date as the parties may agree in writing
"Mr. Hu" or "Subscriber"	Mr. Hu Yishi, chairman of the Board and an executive Director, who beneficially owns 233,664,000 Shares and holding 547,184,000 Shares via his controlled corporation Smart Lane and Front Riches, representing in aggregate approximately 16.98% of the issued share capital of the Company
"Ms. Lin"	Ms. Lin Min, Mindy, the spouse of the Subscriber and an executive Director
"Partial Loan"	Part of the Loan in the amount of HK$13,720,000 which shall be converted into the Capitalisation Shares by applying the Partial Loan in payment of the subscription amount credited as fully paid to the Subscriber under the Loan Capitalisation Agreement
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of nominal value of HK$0.00125 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Smart Lane"	Smart Lane Global Limited, a company incorporated in Samoa with limited liability and wholly owned by the Subscriber
"Specific Mandate"	the specific mandate to be sought from the Independent Shareholders at the EGM and to be granted to the Board for the allotment and issue of the Capitalisation Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscriptions"	the subscriptions of an aggregate of 334,000,000 new Shares at a subscription price of HK$0.075 per Share as disclosed in the Company's announcements dated 3 October 2025 and 17 October 2025

"Takeovers Code"	The Hong Kong Code on Takeovers and Mergers
"trading day"	means a day on which the Stock Exchange is open for the trading of securities
"Uprise Global"	Uprise Global Investments Limited, a company incorporated in the British Virgin Islands with limited liability and wholly owned by Ms. Lin
"%"	per cent.

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)

Executive Directors:
Mr. Hu Yishi *(Executive Chairman)*
Mr. Chan Wing Yuen, Hubert
(Chief Executive Officer)
Ms. Lin Min, Mindy
Ms. Kwong Wai Man, Karina
(Chief Financial Officer)

Independent non-executive Directors:
Ms. Ma Lee
Mr. Lau Kwok Kee
Mr. Wang Weijie

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
23/F
Chinachem Century Tower
178 Gloucester Road
Wan Chai
Hong Kong

19 November 2025

To the Shareholders

Dear Sir or Madam,

(1) CONNECTED TRANSACTION IN RELATION TO LOAN CAPITALISATION THROUGH SUBSCRIPTION OF NEW SHARES BY A SUBSTANTIAL SHAREHOLDER UNDER SPECIFIC MANDATE AND (2) NOTICE OF THE EXTRAORDINARY GENERAL MEETING

1. INTRODUCTION

Reference is made to the Announcement of the Company dated 20 October 2025 in relation to the Loan Capitalisation.

The purpose of this circular is to provide you with, among other things, (i) details of the Loan Capitalisation Agreement and the transactions contemplated thereunder; (ii) recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Loan Capitalisation Agreement and the transactions contemplated thereunder; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Loan Capitalisation Agreement and the transactions contemplated thereunder; and (iv) a notice of the EGM.

2. THE LOAN CAPITALISATION AGREEMENT

On 20 October 2025 (after trading hours), the Company (as issuer) and Mr. Hu (as Subscriber) entered into the Loan Capitalisation Agreement, pursuant to which the parties conditionally agreed that the Subscriber shall subscribe for, and the Company shall allot and issue, a total of 140,000,000 Capitalisation Shares at the Capitalisation Price of HK$0.098 per Capitalisation Share. The aggregate Capitalisation Price of all Capitalisation Shares payable by the Subscriber shall be satisfied by capitalising and setting off against the Partial Loan upon Completion.

The Loan represents the outstanding principal amount of the loan provided by the Subscriber to the Group since 8 February 2024 for the purpose of financing its general working capital. As at the date of the Loan Capitalisation Agreement, the Loan amounted to HK$36,861,640. The Loan is unsecured and interest-free. The Subscriber had agreed not to demand for repayment until the Group has sufficient cash resources to settle it.

Immediately upon Completion, the Partial Loan with principal amount of HK$13,720,000 Loan would be set off against the aggregate subscription price for the Capitalisation Shares. The remaining balance of the Loan (representing HK$23,141,640) shall remain to be due and payable by the Company to the Subscriber. The Group intends to settle the outstanding Loan when it has sufficient cash resources.

The Loan Capitalisation Agreement

The principal terms of the Loan Capitalisation Agreement are as follows:

Date: 20 October 2025 (after trading hours)

Parties:
1. the Company (as the issuer); and
2. Mr. Hu Yishi (as the Subscriber).

Number of Capitalisation Shares

The Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, a total of 140,000,000 Capitalisation Shares at the Capitalisation Price of HK$0.098 per Capitalisation Share. The aggregate Capitalisation Price payable by the Subscriber under the Loan Capitalisation Agreement shall be satisfied by capitalising and setting off against the Partial Loan upon Completion.

The Capitalisation Shares represent (i) approximately 3.05% of the total number of issued Shares as at the Latest Practicable Date; and (ii) approximately 2.96% of the total number of issued Shares as enlarged by the allotment and issue of the Capitalisation Shares, assuming that there will be no changes in the total number of issued Shares between the Latest Practicable Date and the allotment and issue of the Capitalisation Shares.

The aggregate nominal value of the Capitalisation Shares (with a par value of HK$0.00125 each) is HK$175,000.

In determining the number of Capitalisation Shares, the Company has taken into account that (i) it is the Company's objective to minimise the financial burden of the Group by maximising the Partial Loan being capitalised; (ii) the Subscriber has no intention to trigger any mandatory general offer obligation under Rule 26 of the Takeovers Code following Completion; and (iii) the Capitalisation Price was determined based on the recent trading performance of the Shares.

The Capitalisation Shares to be allotted and issued to the Subscriber will be allotted and issued under the Specific Mandate to be obtained at the EGM.

Capitalisation Price

The Capitalisation Price of HK$0.098 per Capitalisation Share represents:

(i) a premium of approximately 8.89% over the closing price of HK$0.09 per Share as quoted on the Stock Exchange on 20 October 2025, being the date of the Loan Capitalisation Agreement;

(ii) the average closing price per Share of HK$0.098 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Loan Capitalisation Agreement;

(iii) a discount of approximately 7.55% to the average closing price per Share of HK$0.106 as quoted on the Stock Exchange for the last ten consecutive trading days immediately preceding the date of the Loan Capitalisation Agreement;

(iv) a premium of approximately 7.69% over the average closing price per Share of HK$0.091 as quoted on the Stock Exchange for the last twenty consecutive trading days immediately preceding the date of the Loan Capitalisation Agreement;

(v) a premium of approximately 15.29% over the average closing price per Share of HK$0.085 as quoted on the Stock Exchange for the last thirty consecutive trading days immediately preceding the date of the Loan Capitalisation Agreement;

(vi) a premium of approximately 127.91% over the audited consolidated net asset value per Share of HK$0.043 as at 31 March 2025;

(vii) a premium of approximately 24.05% over the closing price of HK$0.079 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

(viii) the theoretical diluted price (as defined under Rule 10.44A of the GEM Listing Rules) of HK$0.098 per Share.

The Capitalisation Price was arrived at on an arm's length basis between the Company and the Subscriber after taking into account the recent trading performance of the Shares, the recent market conditions, the current financial position and the business prospects of the Group. The Directors (other than the independent non-executive Directors, who shall provide their views after considering the advice from the Independent Financial Adviser) consider that the Capitalisation Price and the terms of the Loan Capitalisation Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The amount of the total Capitalisation Price shall be satisfied by way of capitalising and setting off against the Partial Loan. The professional fees and related expenses which may be borne by the Company in connection with the Loan Capitalisation are expected to be HK$300,000, and will be settled by the internal resources of the Group.

Conditions Precedent

Completion of the Loan Capitalisation Agreement is conditional upon the fulfilment of the following conditions:

(i) the Board (other than the Subscriber and Ms. Lin who shall abstain from voting due to their interest in the Loan Capitalisation Agreement and the transactions contemplated thereunder) having passed and approved the Loan Capitalisation Agreement and the transactions contemplated thereunder (including but not limited to the grant of the Specific Mandate for the allotment and issuance of the Capitalisation Shares);

(ii) the Independent Shareholders having approved and passed at the EGM, the necessary resolutions to approve the Loan Capitalisation Agreement and the transaction contemplated thereunder (including but not limited to the grant of the Specific Mandate for the allotment and issuance of the Capitalisation Shares);

(iii) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Capitalisation Shares and such approval and permission having not subsequently been revoked or withdrawn prior to the commencement of dealings in the Capitalisation Shares on the Stock Exchange;

(iv) the representations and warrants given by the parties under the Loan Capitalisation Agreement being true and accurate and not misleading when made and remaining true and accurate and not misleading until the Completion Date; and

(v) all other necessary prior consents and pre-approvals (if any) required to be obtained on the part of the Company in respect of Loan Capitalisation Agreement and the transactions contemplated (including but not limited to the grant of the Specific Mandate for the allotment and issuance of the Capitalisation Shares) thereunder having been obtained.

Save for condition (iv) above which can be waived by the Subscriber by notice in writing to the Company, none of the above conditions may be waived by the Company or the Subscriber. If the conditions set out above are not fulfilled on or before the Long Stop Date, the Loan Capitalisation Agreement shall terminate and neither of the parties shall have any claim against the other for costs, damages, compensation or otherwise save for any antecedent breach of such Loan Capitalisation Agreement.

In the event the parties to the Loan Capitalisation Agreement agree to extend the Long Stop Date, the Company will re-comply with the relevant GEM Listing Rules requirements (including obtaining Independent Shareholders' approval of the Specific Mandate).

As at the Latest Practicable Date, save for condition (i), none of the above conditions has been fulfilled.

Completion

Completion shall take place within seventh (7th) Business Days after satisfaction of the conditions precedent to the Loan Capitalisation Agreement (or such later date as may be agreed between the Company and the Subscriber in writing).

Ranking of the Capitalisation Shares

The Capitalisation Shares when allotted and issued, shall rank *pari passu* in all respects among themselves free from all liens, charges, guarantee, adverse interests and adverse claims, and with the Shares in issue on the date of allotment and issue of the Capitalisation Shares including all dividends declared or payable or distribution made or proposed on or after the date of completion of the Loan Capitalisation.

3. INFORMATION ON THE PARTIES

The Company and The Group

The principal activities of the Company (together with its subsidiaries) are provision of diverse integrated energy services including technological development, construction related and consultancy services in relation to heat supply and coal-to-natural gas conversion, supply of LNG, coupled with sales of LNG and leasing of investment properties.

The Subscriber

As at the Latest Practicable Date, the Subscriber is the chairman of the Board, an executive Director who beneficially owns 233,664,000 Shares and holding 547,184,000 Shares via his controlled corporations Smart Lane and Front Riches, representing in aggregate approximately 16.98% of the issued share capital of the Company. Therefore, the Subscriber is a substantial Shareholder (as defined under the GEM Listing Rules) and a connected person of the Company under Chapter 20 of the GEM Listing Rules.

4. REASONS FOR AND BENEFITS OF THE LOAN CAPITALISATION

As at the date of the Loan Capitalisation Agreement, the Company has cash and cash equivalents of approximately RMB31,800,000, of which approximately RMB22,870,000 from the Subscriptions was intended for payment of salaries and allowances, Directors' and chief executive's emoluments, operating expenses, rental and other legal and professional fees.

Taking into account the Group's current financial position, the Group is not in a position to repay the amount due to the Subscriber without tightening the existing financial resources. The Loan Capitalisation enables the Group to settle part of its existing liabilities without utilising the existing financial resources and can avoid cash outflows.

The Directors have considered other alternative means for raising funds to settle the Partial Loan, such as bank borrowings, share placement or rights issue. However, having taken into account that:

(i) debt financing and bank borrowing will inevitably increase the gearing ratio of the Group and lenders generally require pledge of assets from the borrower;

(ii) the Loan Capitalisation will reduce the indebtedness of the Group;

(iii) other equity financing such as placing of new shares and rights issue usually require attractive discount to the prevailing market price of the Shares and is relatively more time consuming and less cost effective as compared to the Loan Capitalisation;

(iv) the Capitalisation Price represents the higher of the closing price of HK$0.09 per Share as quoted on the Stock Exchange on 20 October 2025, being the date of the Loan Capitalisation Agreement and the average closing price per Share of HK$0.098 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Loan Capitalisation Agreement; and

(v) the Loan Capitalisation demonstrates the support and solid confidence given by the Subscriber to the Group,

The Directors consider that the Loan Capitalisation is a more desirable solution for the Group to settle the Partial Loan.

It has been the Group's priority to pursue equity financing to support its operations without adversely affecting its financial position. In parallel, the Company and the Subscriber had been in ongoing discussions regarding the potential capitalisation of the Loan as a means to further strengthen the Group's financial position. Following the completion of the Subscriptions as disclosed in the Company's announcement dated 17 October 2025, the Company reviewed the feasibility of the proposed debt capitalisation and subsequently agreed on the capitalisation price of HK$0.098 per Capitalisation Share. This represents a premium of approximately 30.67% over the subscription price under the Subscriptions. Considering that the Loan Capitalisation would enhance the Group's financial position and would not result in any theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules), the Company decided to enter into the Loan Capitalisation Agreement.

As at the date of Loan Capitalisation Agreement, the Company has cash and cash of approximately RMB31,800,000, of which approximately RMB22,870,000 from the Subscriptions was intended for payment of salaries and allowances, Directors' and chief executive's emoluments, operating expenses, rental and other legal and professional fees. Following the Loan Capitalisation, the Group intends to gradually repay the outstanding Loan when the Group generates positive cash flows from operating activities. However, the Board cannot rule out the possibility that the Company will further capitalise the remaining balance of the Loan as a means to further improve the financial position of the Group. The Company will make further announcement in this regard in accordance with the GEM Listing Rules as and when appropriate.

Although the allotment and issue of the Capitalisation Shares will have a dilution effect to the existing Independent Shareholders, having considered (i) the Capitalisation Shares, when allotted and issued, will be recognised entirely as equity of the Company which in turn will reduce the gearing ratio, enlarge the capital base and enhance the net asset position and the financial position of the Group; (ii) the number of Capitalisation Shares represents approximately 3.05% of the total number of issued Shares as at the Latest Practicable Date and would not trigger any mandatory general offer obligation under Rule 26 of the Takeovers Code; (iii) the capitalisation of the Loan can alleviate the repayment pressure of the Group and is beneficial to the business development of the Group; (iv) the Capitalisation Price represents the higher of the closing price of HK$0.09 per Share as quoted on the Stock Exchange on 20 October 2025, being the date of the Loan Capitalisation Agreement and the average closing price per Share of HK$0.098 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Loan Capitalisation Agreement; and (v) the Loan Capitalisation was conducted after the completion of the Subscriptions, the Directors are of the view that the dilution effect arising from the allotment and issue of the Capitalisation Shares is justifiable in this regard.

In view of the above, the Directors (other than (i) the independent non-executive Directors, whose view will be provided after taking into account the advice from the Independent Financial Adviser; and (ii) the Subscriber and Ms. Lin who have material interest in the Loan Capitalisation Agreement and the transactions contemplated thereunder) consider that the terms of the Loan Capitalisation Agreement are fair and reasonable based on the current market conditions and are on normal commercial terms, accordingly, the Loan Capitalisation is in the interest of the Company and the Shareholders as a whole.

5. EFFECT OF THE LOAN CAPITALISATION ON THE SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (a) as at the date of this announcement; and (b) immediately upon completion of the Loan Capitalisation and the allotment and issue of the Capitalisation Shares (assuming that there are no other changes to the issued share capital of the Company from the Latest Practicable Date until Completion):

Name of Shareholders	(a) As at Latest Practicable Date		(b) Immediately upon completion of the Loan Capitalisation assuming no other changes to the issued share capital of the Company from the date of this announcement until Completion	
	No. of shares	*Approximate%*	*No. of shares*	*Approximate%*
Mr. Hu *(note i)*	233,664,000	5.08	373,664,000	7.89
Smart Lane *(note i)*	448,000,000	9.74	448,000,000	9.46
Front Riches *(note i)*	99,184,000	2.16	99,184,000	2.09
Sub-total	780,848,000	16.98	920,848,000	19.44
Ms. Lin *(note ii)*	26,064,000	0.57	26,064,000	0.55
Uprise Global Investments Limited *(note ii)*	448,000,000	9.74	448,000,000	9.45
Gainup Limited *(note ii)*	23,056,000	0.50	23,056,000	0.49
Sub-total	497,120,000	10.81	497,120,000	10.49
Mr. Chan Wing Yuen, Hubert	26,064,000	0.57	26,064,000	0.55
Ms. Kwong Wai Man, Karina	26,064,000	0.57	26,064,000	0.55
Ms. Ma Lee	2,240,000	0.05	2,240,000	0.05
Depot Up Limited *(note iii)*	640,000,000	13.92	640,000,000	13.51
Other public Shareholders	2,625,288,000	57.1	2,625,288,000	55.41
Total	**4,597,624,000**	**100.00**	**4,737,624,000**	**100.00**

Notes:

(i) Mr. Hu is deemed to be interested in 448,000,000 Shares held by Smart Lane, and in 99,184,000 Shares held by Front Riches, as both companies are 100% controlled by Mr. Hu. Mr. Hu is also beneficially interested in 233,664,000 Shares held by himself personally. Mr. Hu is also deemed to be interested in 497,120,000 Shares which his spouse, Ms. Lin is interested in by virtue of the SFO.

(ii) Ms. Lin is deemed to be interested in 448,000,000 Shares held by Uprise Global Investments Limited, and in 23,056,000 Shares held by Gainup Limited, as both companies are 100% controlled by Ms. Lin. Ms. Lin is also beneficially interested in 26,064,000 Shares held by herself personally. Ms. Lin is also deemed to be interested in 780,848,000 Shares which her spouse, Mr. Hu is interested in by virtue of the SFO.

(iii) Depot Up Limited is an investment holding company where the entire issued share capital of which is held by Mr. Song Zhi Cheng.

6. SPECIFIC MANDATE

The Capitalisation Shares will be allotted and issued pursuant to the Specific Mandate proposed to be sought from the Independent Shareholders at the EGM.

7. APPLICATION FOR LISTING

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Capitalisation Shares.

8. EQUITY FUND RAISING OF THE COMPANY DURING THE PAST TWELVE MONTHS

Saved as disclosed below, the Company has not conducted any equity fund-raising activities in the 12 months immediately preceding the date of the Announcement up to the Latest Practicable Date:

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Proposed/ actual use of the net proceeds	Net proceeds utilised as at the Latest Practicable Date (approximately)
16 April 2025	Issue of 230,000,000 new Shares by way of debt capitalisation	No cash proceeds received by the Company	To set off part of the loan due from the Company to Mr. Hu	The loan due from the Company to Mr. Hu was reduced by the aggregate subscription price of the Shares allotted and issued to Mr. Hu
3 October 2025	Subscription of an aggregate of 334,000,000 new Shares under general mandate	HK$24,750,000	(a) approx. 60% for payment of staff costs; (b) approx. 10% for payment of office rental; (c) approx. 15% for payment of legal and professional fees; and (d) approx. 15% for payment of other general expenses.	HK$2,600,000

9. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, the Subscriber is the chairman of the Board and an executive Director and is interested in or deemed to be interested in an aggregate of 1,277,968,000 Shares, representing approximately 27.79% of the total issued Shares. This comprises (i) 233,664,000 Shares held by him personally, representing approximately 5.08% of the total issued Shares; (ii) 448,000,000 Shares held by Smart Lane, a company wholly owned by the Subscriber, representing approximately 9.74% of the total issued Shares; (iii) 99,184,000 Shares held by Front Riches, a company wholly owned by the Subscriber, representing approximately 2.16% of the total issued Shares; (iv) 26,064,000 Shares held by Ms. Lin, the spouse of the Subscriber, representing approximately 0.57% of the total issued Shares; (v) 448,000,000 Shares held by Uprise Global, a company wholly owned by Ms. Lin, representing approximately 9.74% of the total issued Shares; and (vi) 23,056,000 Shares held by Gainup Limited, a company wholly owned by Ms. Lin, representing approximately 0.50% of the total issued Shares, respectively. Therefore, the Subscriber is a substantial Shareholder (as defined under the GEM Listing Rules) and a connected person of the Company. Accordingly, the Loan Capitalisation Agreement and the transactions contemplated thereunder constitutes a connected transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The Capitalisation Shares to be allotted and issued to the Subscriber will be allotted and issued under the Specific Mandate to be obtained at the EGM. The Subscriber and his associates shall abstain from voting in respect of the resolution approving the Loan Capitalisation Agreement and the transactions contemplated thereunder at the EGM.

(i) The Subscriber, being the chairman of the Board and an executive Director; and (ii) Ms. Lin, being the spouse of the Subscriber and an executive Director, have abstained from voting on the Board resolution approving the Loan Capitalisation Agreement and the transactions contemplated thereunder. Save as disclosed above, no other Director has a material interest in the Loan Capitalisation Agreement and the transaction contemplated thereunder and is required to abstain from voting on the Board resolution in relation to the aforesaid matters.

Further, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, other than the Subscriber, Ms. Lin, Smart Lane, Front Riches, Uprise Global and Gainup, no other Shareholder has any material interest in the Loan Capitalisation Agreement and the transactions contemplated thereunder and will be required to abstain from voting at the EGM in respect of the resolution approving the aforesaid matters (including the grant of the Specific Mandate).

10. ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors has been established to give a recommendation to the Independent Shareholders as to whether the terms of the Loan Capitalisation Agreement are on normal commercial terms or better and fair and reasonable, whether the Loan Capitalisation is conducted in the

ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole and as to how to vote at the EGM. Altus Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

11. EGM

The EGM will be convened at 24/F, Office Plus @ Wan Chai, 303 Hennessy Road, Wan Chai, Hong Kong on Monday, 8 December 2025 at 10:00 a.m. for the purpose of considering and, if thought fit, approving the Loan Capitalisation Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate for the allotment and issue of the Capitalisation Shares.

Set out on pages 52 to 54 of this circular is a notice convening the EGM to consider and, if appropriate, to approve the Loan Capitalisation Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate for the allotment and issue of the Capitalisation Shares. A form of proxy for use by the Shareholders at the EGM or any adjourned meeting is also enclosed herewith.

Whether or not you are able to attend the EGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, the resolution set out in the notice of the EGM will be voted by poll.

Pursuant to Rule 20.34 of the GEM Listing Rules, any Shareholder with a material interest in the transaction and his associates will abstain from voting on the relevant resolutions at the EGM. Accordingly, (i) the Subscriber, being the chairman of the Board, an executive Director and a substantial Shareholder of the Company who beneficially owns 233,664,000 Shares and holding 547,184,000 Shares via his controlled corporations Smart Lane and Front Riches, representing in aggregate approximately 16.98% of the issued share capital of the Company as at the Latest Practicable Date, (ii) Smart Lane and Front Riches, being associates of the Subscriber, (iii) Ms. Lin, being the spouse of the Subscriber and an executive Director, who beneficially owns 26,064,000 Shares and holding 448,000,000 Shares and 23,056,000 Shares respectively via her controlled corporations Uprise Global and Gainup as at the Latest Practicable Date, and (iv) Uprise Global and Gainup, being associates of Ms. Lin will be required to abstain from voting on the resolution to approve the Loan Capitalisation Agreement and the transactions contemplated thereunder at the EGM, including the grant of the Specific Mandate. Save as disclosed above, to the best of

the Directors' knowledge, information and belief having made all reasonable enquiries, other than the Subscriber, Smart Lane, Front Riches, Ms. Lin, Uprise Global and Gainup, no other Shareholder has a material interest in the transactions contemplated under the Loan Capitalisation Agreement, including the grant of the Specific Mandate, and will be required to abstain from voting on the resolution to approve the Loan Capitalisation Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate to the Directors for the allotment and issue of the Capitalisation Shares to the Subscriber at the EGM.

12. CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 3 December 2025 to Monday, 8 December 2025, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the EGM, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 2 December 2025.

13. RECOMMENDATION

The Directors (including the independent non-executive Directors but excluding the Subscriber and Ms. Lin who are considered to have material interest in the transactions contemplated under the Loan Capitalisation Agreement) consider that, although the entering into of the Loan Capitalisation Agreement is not conducted in the ordinary and usual course of business of the Company, the terms of the Loan Capitalisation Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) are fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole so far as the Independent Shareholders are concerned, and recommends the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM.

14. GENERAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders, the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, and additional information of the Group set out in the appendix to this circular.

Completion of the Loan Capitalisation is subject to the satisfaction of the conditions precedent in the Loan Capitalisation Agreement, and the Loan Capitalisation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

Yours faithfully,
By order of the Board
Zhonghua Gas Holdings Limited
Chan Wing Yuen, Hubert
Chief Executive Officer and Executive Director

The following is the full text of a letter from the Independent Board Committee setting out its recommendation for the purpose of inclusion in this circular.

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)

19 November 2025

To the Independent Shareholders

Dear Sirs or Madams,

(1) CONNECTED TRANSACTION IN RELATION TO LOAN CAPITALISATION THROUGH SUBSCRIPTION OF NEW SHARES BY A SUBSTANTIAL SHAREHOLDER UNDER SPECIFIC MANDATE AND (2) NOTICE OF THE EXTRAORDINARY GENERAL MEETING

We refer to the circular dated 19 November 2025 issued by the Company (the "**Circular**") to the Shareholders of which this letter forms part. The capitalised terms defined in this letter shall have the same meanings as those defined in the Circular unless specified otherwise.

We have been appointed as the members of the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Loan Capitalisation Agreement and the transactions contemplated thereunder are: (i) fair and reasonable; (ii) on normal commercial terms or better; (iii) conducted in the ordinary and usual course of business of the Group; (iv) in the interests of the Company and the Independent Shareholders as a whole; and (v) to advise the Independent Shareholders how to vote at the EGM.

Altus Capital Limited has been appointed to act as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Loan Capitalisation Agreement and the transactions contemplated

thereunder. The letter of advice from Altus Capital Limited containing their recommendation and the principal factors they have taken into account in arriving at their recommendation is set out on pages 20 to 45 of the Circular.

We wish to draw your attention to the letter from the Board, as set out on pages 5 to 17 of the Circular and the text of a letter of advice from the Independent Financial Adviser, as set out on pages 20 to 45 of the Circular, both of which provide details of the terms of the Loan Capitalisation Agreement and the transactions contemplated thereunder. After taking into account the factors and reasons considered by the Independent Financial Adviser and its conclusion and advice, we concur with its views and consider that although the entering into of the Loan Capitalisation Agreement is not conducted in the ordinary and usual course of business of the Company, the terms of the Loan Capitalisation under the Loan Capitalisation Agreement are on normal commercial terms, are fair and reasonable and are in the interests of the Company and the Independent Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM.

Yours faithfully
For and on behalf of
the Independent Board Committee of
Zhonghua Gas Holdings Limited

Ms. Ma Lee	**Mr. Lau Kwok Kee**	**Mr. Wang Weijie**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the text of a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Loan Capitalisation Agreement and the transactions contemplated thereunder, which has been prepared for the purpose of incorporation in the Circular.

ALTUS.

Altus Capital Limited
21 Wing Wo Street
Central
Hong Kong

19 November 2025

To the Independent Board Committee and the Independent Shareholders
Zhonghua Gas Holding Limited
23/F Chinachem Century Tower
178 Gloucester Road
Wan Chai
Hong Kong

Dear Sir/Madam,

CONNECTED TRANSACTION IN RELATION TO LOAN CAPITALISATION THROUGH SUBSCRIPTION OF NEW SHARES BY A SUBSTANTIAL SHAREHOLDER UNDER SPECIFIC MANDATE

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Loan Capitalisation Agreement and the transactions contemplated thereunder. Details of which are set out in the "Letter from the Board of Directors" contained in the circular dated 19 November 2025 (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined herein or required by the context.

On 20 October 2025 (after trading hours), the Company (as issuer) and Mr. Hu (as Subscriber) entered into the Loan Capitalisation Agreement, pursuant to which the parties conditionally agreed that the Subscriber shall subscribe for, and the Company shall allot and issue, 140,000,000 Capitalisation Shares at the Capitalisation Price of HK$0.098 per Capitalisation Share. The aggregate Capitalisation Price for all Capitalisation Shares payable by the Subscriber shall be satisfied by capitalising and setting off against the Partial Loan upon Completion.

GEM LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, the Subscriber is the chairman of the Board and an executive Director and is interested in an aggregate of 1,277,968,000 Shares, representing approximately 27.79% of the total issued Shares. This comprises (i) 233,664,000 Shares held by him personally, representing approximately 5.08% of the total issued Shares; (ii) 448,000,000 Shares held by Smart Lane, a company wholly owned by the Subscriber, representing approximately 9.74% of the total issued Shares; (iii) 99,184,000 Shares held by Front Riches, a company wholly owned by the Subscriber, representing approximately 2.16% of the total issued Shares; (iv) 26,064,000 Shares held by Ms. Lin, the spouse of the Subscriber, representing approximately 0.57% of the total issued Shares; (v) 448,000,000 Shares held by Uprise Global, a company wholly owned by Ms. Lin, representing approximately 9.74% of the total issued Shares; and (vi) 23,056,000 Shares held by Gainup Limited, a company wholly owned by Ms. Lin, representing approximately 0.50% of the total issued Shares respectively. Therefore, the Subscriber is a substantial Shareholder (as defined under the GEM Listing Rules) and a connected person of the Company. Accordingly, the Loan Capitalisation Agreement and the transactions contemplated thereunder constitutes a connected transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The Capitalisation Shares to be allotted and issued to the Subscriber will be allotted and issued under the Specific Mandate to be obtained at the EGM. The Subscriber and his associates shall abstain from voting in respect of the resolution approving the Loan Capitalisation Agreement and the transactions contemplated thereunder at the EGM.

(i) The Subscriber, being the chairman of the Board and an executive Director; and (ii) Ms. Lin, being the spouse of the Subscriber and an executive Director, have abstained from voting on the Board resolution approving the Loan Capitalisation Agreement and the transactions contemplated thereunder. Save as disclosed above, no other Director has a material interest in the Loan Capitalisation Agreement and the transactions contemplated thereunder and is required to abstain from voting on the Board resolutions in relation to the aforesaid matters.

Further, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, other than the Subscriber, Ms. Lin, Smart Lane, Front Riches, Uprise Global and Gainup, no other Shareholder has any material interest in the Loan Capitalisation Agreement and the transactions contemplated thereunder and will be required to abstain from voting at the EGM in respect of the resolution approving the aforesaid matters (including the grant of the Specific Mandate).

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee consisting of Ms. Ma Lee, Mr. Lau Kwok Kee and Mr. Wang Weijie, being all the independent non-executive Directors, has been established to advise the Independent Shareholders on (i) whether the terms of the Loan Capitalisation Agreement (including the Capitalisation Price) are on normal commercial terms and are fair and reasonable; (ii) whether the Loan Capitalisation Agreement and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution to be proposed at the EGM, taking into account the recommendation of the Independent Financial Adviser.

THE INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser to the Independent Board Committee, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the terms of the Loan Capitalisation Agreement (including the Capitalisation Price) are on normal commercial terms and are fair and reasonable; (ii) whether the Loan Capitalisation Agreement and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution to be proposed at the EGM.

We acted as the independent financial adviser for the Company with regard to the connected transaction in relation to loan capitalisation involving issue of new shares under specific mandate, details of which were set out in the circular of the Company dated 6 June 2025. Save for the aforesaid transaction, we have not acted as the independent financial adviser or financial adviser in relation to any transactions of the Company in the last two years prior to the date of the Circular. Pursuant to Rule 17.96 of the GEM Listing Rules, and given that remuneration for our engagement to opine on the Loan Capitalisation Agreement and the transactions contemplated thereunder are at market level and not conditional upon successful passing of the resolution to be proposed at the EGM, and that our engagement is on normal commercial terms, we are independent of the Company.

BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, among other things, (i) the Loan Capitalisation Agreement; (ii) the annual report of the Company for the 15 months ended 31 March 2025 (the "**2024–2025 Annual Report**"); (iii) the second interim report of the Company for the 12 months ended 31 December 2024 (the "**2024 Second Interim Report**") (iv) the annual report of the Company for the year ended 31 December 2023 (the "**2023 Annual Report**"); and (v) other information as set out in the Circular.

We have also relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Group (the "**Management**"). We have assumed that all the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and will continue to be so up to the date of EGM. The Directors collectively and individually accept full responsibility, including particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regards to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement in the Circular misleading.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading.

We consider that we have been provided with, and have reviewed, sufficient information to reach an informed view and provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business, financial conditions and affairs or future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Background

1.1 Principal businesses of the Group

The principal activities of the Group are provision of diverse integrated energy services including technological development, construction related and consultancy services in relation to heat supply and coal-to-natural gas conversion, supply of LNG, coupled with sales of LNG (the "**Energy Business**") and leasing of investment properties.

1.2 Financial information of the Group

According to the Company's announcement dated 19 December 2024 (the "**December 2024 Announcement**"), the Board resolved to change the financial year end date of the Company from 31 December to 31 March, which resulted in the financial year ended 31 March 2025 covering a 15-month period commencing from 1 January 2024 and ended on 31 March 2025. Set out below is a table summarising certain key financial information of the Group for the years ended 31 December 2022 and 2023 and the 15 months ended 31 March 2025 as extracted from the 2023 Annual Report and 2024–2025 Annual Report respectively.

Extract of consolidated statement of profit or loss and other comprehensive income

	For the 15 months ended 31 March 2025	**For the year ended 31 December**	
		2023	**2022**
	RMB'000 (audited)	*RMB'000* (audited)	*RMB'000* (audited)
Revenue	121,516	186,652	200,529
Gross profit/(loss)	4,779	(6,793)	(7,949)
(Loss) for the period/year attributable to owners of the Company	(60,794)	(6,656)	(5,254)

Extract of consolidated statement of financial position

	As at 31 March 2025	As at 31 December 2023	2022
	RMB'000 (audited)	*RMB'000* (audited)	*RMB'000* (audited)
Current assets	**331,578**	**338,606**	**295,733**
— Trade receivables and contract assets	34,301	104,901	103,583
— Prepayments, deposits and other receivables	286,165	37,622	153,398
— Cash and cash equivalents	11,112	196,083	38,752
Non-current assets	**11,362**	**11,064**	**50,996**
Total assets	**342,940**	**349,670**	**346,729**
Current liabilities	**181,930**	**209,984**	**202,686**
— Trade and other payables and accruals	120,165	113,905	114,403
— Contract liabilities	6,446	—	—
— Shareholder's loan	53,601	—	—
— Bank borrowing	—	8,000	—
— Other loan	—	86,082	—
— Convertible bonds	—	—	85,096
— Lease liabilities	1,705	646	1,815
Non-current liabilities	**1,316**	**444**	**1,090**
Total liabilities	**183,246**	**210,428**	**203,776**
Equity attributable to owners of the Company	**125,016**	**104,763**	**109,789**
Financial ratio			
Gearing ratio *(Note)*	35.5%	68.4%	61.6%

Note: Gearing ratio is calculated based on shareholder's loan, other loan, lease liabilities and bank borrowing (where applicable) divided by total equity as at the relevant year/period end.

*Fifteen months ended 31 March 2025 ("**15M March 2025**") vs year ended 31 December 2023 ("**FY2023**")*

According to the 2024–2025 Annual Report, revenue of the Group amounted to approximately RMB121.5 million for 15M March 2025, representing a decrease of approximately 34.9% from approximately RMB186.7 million for FY2023. The decrease in revenue was mainly due to the suspension of operation at one of the Group's major LNG stations in Tianjin since October 2023 as a result of the customer's heat supply station being on the route of the nationwide natural gas network conversion project.

The Group recorded gross profit amounted to approximately RMB4.8 million, reflecting a gross profit margin of approximately 3.9% for 15M March 2025, as compared to a gross loss margin of approximately 3.6% in FY2023. Such improvement in gross margin was mainly due to no depreciation was recorded in 15M March 2025 as the property, plant and equipment was impaired during FY2023. For FY2023, the intense price competition and price fluctuation of LNG resulted in a thin margin which could not cover the fixed direct cost, leading to the recorded gross loss margin.

Loss attributable to owners of the Company increased from approximately RMB6.7 million in FY2023 to approximately RMB60.8 million in 15M March 2025. The significant increase in net loss for 15M March 2025 was mainly attributable to (i) a decrease in reversal of allowance on trade receivables and contract assets from approximately RMB66.7 million in FY2023 to approximately RMB4.2 million in 15M March 2025; (ii) an increase in administrative expenses from approximately RMB30.0 million in FY2023 to approximately RMB60.3 million in 15M March 2025, which was mainly due to the equity-settled share-based expenses of approximately RMB26.9 million recorded in 15M March 2025 (FY2023: approximately RMB1.6 million) related to the share option granted in December 2023; and (iii) an increase in finance costs from approximately RMB1.8 million in FY2023 to approximately RMB9.9 million in 15M March 2025, which was mainly due to the interest incurred from the other loan and late payment with suppliers.

As at 31 March 2025 vs as at 31 December 2023

The Group's total assets decreased by approximately 1.9% from approximately RMB349.7 million as at 31 December 2023 to approximately RMB342.9 million as at 31 March 2025, mainly due to the decrease in trade receivables and contract assets and cash and cash equivalents, while partially offset by the increase in prepayments, deposits and other receivables.

Prepayments, deposits and other receivables increased by approximately 660.6% from approximately RMB37.6 million as at 31 December 2023 to approximately RMB286.2 million as at 31 March 2025. Such increase was mainly due to the increase in prepayments to suppliers for LNG purchase.

Trade receivables and contract assets decreased by approximately 67.3% from approximately RMB104.9 million as at 31 December 2023 to approximately RMB34.3 million as at 31 March 2025. Such decrease was mainly resulted from the collection of trade receivables and contract assets.

Cash and cash equivalents decreased by approximately 94.3% from approximately RMB196.1 million as at 31 December 2023 to approximately RMB11.1 million as at 31 March 2025. The significant decrease in cash and cash equivalents was primarily due to net cash outflow from operating activities of approximately RMB190.8 million for 15M March 2025, compared to net cash inflow from operating activities of approximately RMB163.2 million for FY2023.

Total liabilities of the Group decreased by approximately 12.9% from approximately RMB210.4 million as at 31 December 2023 to approximately RMB183.2 million as at 31 March 2025. Such decrease was mainly due to the settlement of bank borrowing and other loan during 15M March 2025; while partially offset by the recognition of contract liabilities and a shareholder's loan of approximately RMB6.4 million and RMB53.6 million as at 31 March 2025 respectively (compared to nil and nil as at 31 December 2023), as well as an increase in trade and other payables and accruals.

Trade and other payables and accruals increased by approximately 5.5% from approximately RMB113.9 million as at 31 December 2023 to approximately RMB120.2 million as at 31 March 2025, mainly due to the increase in accrued interest expense from approximately RMB0.6 million as at 31 December 2023 to approximately RMB5.1 million as at 31 March 2025 in respect of late payment to suppliers.

As at 31 March 2025, the Group recorded a shareholder's loan of approximately RMB53.6 million with no bank borrowing and other loan as compared to RMB8.0 million bank borrowing and approximately RMB86.1 million other loan recorded as at 31 December 2023. The shareholder's loan is unsecured and non-interest-bearing. According to the 2024 Second Interim Report, (i) the bank borrowing, which carried an interest rate at 5% per annum and denominated in RMB, has been fully repaid on 25 May 2024; and (ii) the other loan, which carried an interest rate at 8% per annum, and the accrued interest, were fully paid on 19 December 2024.

We also note that on 19 December 2024, an aggregate of 366,688,000 Shares were issued and allotted pursuant to the exercise of share options with exercise price of HK$0.16.

As a result of the above, the Group's equity attributable to owners of the Company increased by approximately 19.3% from approximately RMB104.8 million as at 31 December 2023 to approximately RMB125.0 million as at 31 March 2025. The Group's gearing ratio decreased from approximately 68.4% as at 31 December 2023 to approximately 35.5% as at 31 March 2025.

*FY2023 vs year end 31 December 2022 ("**FY2022**")*

According to the 2023 Annual Report, the Group's total revenue amounted to approximately RMB186.7 million for FY2023, representing a decrease of approximately 6.9% from approximately RMB200.5 million for FY2022. The decline in revenue was mainly due to the suspension of operation at one of the Group's major LNG stations in Tianjin since October 2023 as mentioned above.

Gross loss margin decreased from approximately 4.0% for FY2022 to approximately 3.6% for FY2023, as intense price competition and LNG price fluctuation led to a thin margin which could not cover the fixed direct cost for both years.

Loss attributable to owners of the Company increased from approximately RMB5.3 million in FY2022 to approximately RMB6.7 million in FY2023. The increase in net loss for FY2023 was mainly attributable to (i) an increase in the fair value losses of convertible bonds from approximately RMB5.6 million in FY2022 to approximately RMB9.5 million in FY2023; (ii) an impairment loss on property, plant and equipment of approximately RMB25.9 million was recognised in FY2023 as compared to nil in FY2022, which was due to suspension of one of the Group's major LNG stations in Tianjin since October 2023 as mentioned above; and (iii) an increase in finance costs from approximately RMB0.2 million in FY2022 to approximately RMB1.8 million in FY2023, which was mainly due to increase in interest expenses on bank borrowing, other loan and late payments with suppliers.

As at 31 December 2023 vs as at 31 December 2022

The Group's total assets remained relatively stable at approximately RMB346.7 million and RMB349.7 million as at 31 December 2022 and 2023 respectively.

As at 31 December 2023, cash and cash equivalents maintained by the Group amounted to approximately RMB196.1 million, representing an increase of approximately 406.0% from approximately RMB38.8 million as at 31 December 2022, mainly due to funds from collection of trade receivables in FY2023.

Trade and other receivables decreased by approximately 44.5% from approximately RMB257.0 million as at 31 December 2022 to approximately RMB142.5 million as at 31 December 2023, mainly due to the combined effects of collection of trade receivables as mentioned above and reversal of allowance of impairment on trade receivables.

Total liabilities of the Group remained relatively stable at approximately RMB203.8 million and RMB210.4 million as at 31 December 2022 and 2023 respectively.

As at 31 December 2022, the Group had convertible bonds of approximately RMB85.1 million. We note from the 2023 Annual Report that as the Group did not pay the principal amount of the convertible bonds on the maturity date (subsequent to the subscriber opted for redemption at 100% of the principal amount on the maturity date), the Management has reclassified the amount due to "Other loan". For details, please refer to note 31 to the consolidated financial statements as set out in the 2023 Annual Report. As a result, the Group had other loan of approximately RMB86.1 million as at 31 December 2023. In addition, the Group also had bank borrowing of RMB8.0 million as at 31 December 2023, as compared to nil as at 31 December 2022.

As a result of the above, the Group's equity attributable to owners of the Company remained relatively stable at approximately RMB109.8 million and RMB104.8 million as at 31 December 2022 and 2023 respectively. The Group's gearing ratio increased slightly from approximately 61.6% as at 31 December 2022 to approximately 68.4% as at 31 December 2023.

1.3 Outlook of the Group

As noted in the 2024–2025 Annual Report, the Management believed that the development of the natural gas market in the next three years would present both challenges and opportunities, and would be characterised by a tight balance between supply and demand and accelerated structural adjustment. In particular, LNG imports will continue to expand, but price volatility will intensify; the transmission and distribution capacity of urban pipeline natural gas will significantly improve, with innovative trading models emerging; and the market competition landscape will be reshaped through market opening.

According to the Management, the Group's LNG supply business continued to face fierce competition. Also, the construction related and consultancy services of the Energy Business showed no signs of improvement and the coal-to-natural gas conversion in Tianjin is also becoming saturated, the Management expected that the number of new projects to continue to decrease in future. In this regard, the Group continues to maintain strategic partnerships with a number of other significant partners with a view to exploring new business opportunities with potential customers.

We note that the Company has recently engaged Shandong Longzhong Information Technology Co., Ltd. to perform feasibility studies for the development of a fuel oil and natural gas supply network in the Lao People's Democratic Republic ("**Lao PDR**") and to conduct market research, as announced on 22 October 2025 (the "**October 2025 Announcement**"). This represents efforts by the Group to explore new business opportunities and expand its geographic reach, and in turn, diversify its existing business portfolio and broaden its revenue base. For further details, please refer to the October 2025 Announcement.

In terms of financial position, we note from the 2023 Annual Report that the Company's external auditor had expressed a "disclaimer of opinion" concerning the Group's liquidity position, in particular, regarding the Group's ability to settle the outstanding debts. As subsequently disclosed in the December 2024 Announcement, the Company had repaid all the principal amount and applicable interest to the convertible bond holder in accordance with the terms of the settlement agreement on 19 December 2024, thereby resolving the liquidity issue highlighted by the Company's external auditor. Consequently, we note from the 2024–2025 Annual Report that the Company's external auditor had expressed an "unqualified opinion".

Overall, amid the challenging industry conditions and the deterioration of the Group's financial performance and liquidity position (as analysed in the paragraph headed "1.2 Financial information of the Group" above), the Loan Capitalisation will serve to strengthen the Group's financial position. This, in turn, may better support the Group's stated strategy of continuing to explore new business opportunities despite these headwinds.

2. Information of the Subscriber

As at the Latest Practicable Date, the Subscriber is the chairman of the Board, an executive Director and substantial Shareholder (as defined under the GEM Listing Rules) of the Company, beneficially owns 233,664,000 Shares and holds 547,184,000 Shares via his controlled corporations Smart Lane and Front Riches, representing in aggregate approximately 16.98% of the issued share capital of the Company.

3. Reasons for and benefits of the Loan Capitalisation

As discussed in the paragraph headed "1.2 Financial information of the Group" above, the Group recorded, among other things, (i) net cash outflow from operating activities of approximately RMB190.8 million for 15M March 2025; and (ii) net loss for three consecutive years. In view of the deteriorating financial performance and position, the Group obtained the shareholder's loan in 15M March 2025 to finance its operation and to repay its outstanding external debt.

In assessing the reasons for and benefits of the Loan Capitalisation, we have considered the Group's historical financial performance and position, and the following table summarises the amount of the Group's cash and cash equivalents as at 31 December 2022 and 2023 and 31 March 2025 respectively, as extracted from the 2024–2025 Annual Report and 2023 Annual Report.

	As at 31 March 2025	**As at 31 December**	
		2023	**2022**
	RMB'000 (audited)	*RMB'000* (audited)	*RMB'000* (audited)
Cash and cash equivalents	11,112	196,083	38,752

The above table shows that the Group's cash and cash equivalents balance of approximately RMB11.1 million as at 31 March 2025 fell below the historical range observed during the past three years. Such level of cash and cash equivalents balance is insufficient to settle the outstanding shareholder's loan of approximately RMB53.6 million as at 31 March 2025, and any partial repayment of the shareholder's loan could potentially impede the Group's ability to sustain its business operations.

Regarding the Group's cash and debt levels, we note that subsequent to 31 March 2025: (i) HK$27,370,000 of the shareholder's loan from Mr. Hu was set off by way of debt capitalisation, details of which are set out in the Company's circular dated 6 June 2025 (the "**First Loan Capitalisation**"); and (ii) the Company raised approximately HK$24.8 million of net proceeds through an equity fundraising via the issuance of new shares under general mandate, which was completed on 17 October 2025 (the "**October 2025 Equity Fundraising**"). According to the "Letter from the Board of Directors" of the Circular, the Company has cash and cash equivalents of approximately RMB31.8 million as at the date of the Loan Capitalisation Agreement. In this regard, we have discussed with the Management and understand that the net proceeds from the October 2025 Equity Fundraising are earmarked to support the Group's operating expenses and working capital. A simple comparison of the Group's cash position as at 31 March 2025 with the outstanding shareholder's loan of approximately HK$37 million as at the date of the Loan Capitalisation Agreement indicates that the cash position remains insufficient to settle the shareholder's loan.

We have further considered the following factors: (i) the Group incurred continuous losses over the past three years, with net losses attributable to owners of the Company amounted to approximately RMB5.3 million in FY2022 and RMB6.7 million in FY2023, which widened significantly to approximately RMB60.8 million in 15M March 2025; (ii) as a result of the aforementioned deteriorating financial performance, the Group experienced a substantial operating cash outflow of approximately RMB190.8 million in 15M March 2025, compared to an operating cash inflow in FY2023; (iii) the Company's external auditor indicated in the 2024–2025 Annual Report that despite their opinion is not modified, a material uncertainty exists in light of the Group's liquidity position and loss situation, which may cast significant doubt on its ability to continue as a going concern; and (iv) the industry remains challenging as discussed in the paragraph headed "1.3 Outlook of the Group" above, in which a stronger balance sheet may be beneficial for the Group to implement its stated strategy amid these headwinds.

Having taken into account the above factors and as discussed with the Management, we understand that the Group needs to utilise its existing cash and cash equivalents, as well as net proceeds from the October 2025 Equity Fundraising, to finance and sustain its operations. As such, the Group is unable to repay the amount due to Mr. Hu without significantly compromising its liquidity position required for its normal business operations. The Loan Capitalisation enables the Group to settle its existing liabilities due to Mr. Hu without utilising the existing financial resources and can avoid cash outflows.

We note from the paragraph headed "4. Reasons for and benefits of the Loan Capitalisation" in the "Letter from the Board of Directors" of the Circular that the Directors have considered other alternative means for raising funds to settle the Partial Loan, such as bank borrowings, share placement or rights issue:

(i) debt financing and bank borrowings will inevitably increase the gearing ratio of the Group and lenders generally require pledge of assets from the borrower; and

In this regard, we understand from the Management that (a) obtaining bank borrowings generally involves extensive due diligence, risk assessments and prolonged negotiation with banks, and would result in incurring higher finance costs of the Group; and (b) the likelihood of success in obtaining additional bank borrowing with favourable terms is relatively low given the Group's historical loss-making performance, its overdue repayment record of the convertible bonds, late payment with suppliers, as well as the disclaimer opinion expressed by the Company's external auditor in the 2023 Annual Report. Having considered the above, in particular the Group's historical financial performance and position, we concur with the Management's view that debt financing could be uncertain, time-consuming, and the terms may not be favourable or acceptable to the Group. In addition, given that the Loan is interest-free, by reference to the Group's previously obtained (i) bank borrowing which carried an interest rate at 5% per annum; and (ii) other loan which carried an interest rate at 8% per annum, according to the 2024 Second Interim Report, we concur with the Management's view that to settle the Partial Loan via obtaining bank borrowings would incur higher finance costs of the Group.

(ii) other equity financing such as placing of new shares and rights issue usually require attractive discount to the prevailing market price of the Shares and is relatively more time consuming and less cost effective as compared to the Loan Capitalisation.

As discussed above, we note that the Company has recently completed the October 2025 Equity Fundraising, from which net proceeds of approximately HK$24.8 million are to be deployed to support the Group's operating expenses and working capital. In this regard, we note from the Company's announcement dated 3 October 2025 that the subscription price for this fundraising was HK$0.075. Compared to the Capitalisation Price of HK$0.098, this represents a discount of approximately 23.5%. Additionally, having considered the Group's recent financial performance and the limited liquidity of the Shares as further discussed in the paragraph headed "5.2 Trading liquidity of the Shares" below, we concur with the Management that raising further funds through equity financing may be challenging and require a considerable discount to the prevailing market price of the Shares to attract potential investors.

Additionally, we have considered that the Loan Capitalisation will reduce the Group's indebtedness and gearing (as further elaborated in the paragraph headed "7.2 Gearing and liquidity" below) without requiring any cash outflow and can enlarge its capital base; meanwhile can also demonstrate the support and confidence extended by the Subscriber, being the chairman of the Board and an existing Director, to the Group. These in turn, are beneficial to the Group.

Although the allotment and issue of the Capitalisation Shares will have a dilution effect to the existing Independent Shareholders, having considered the above, we concur with the Management's view that such dilution effect arising from the allotment and issue of the Capitalisation Shares is justifiable, as further discussed in the paragraph headed "6. Effect of the Loan Capitalisation on shareholding structure of the Company" below.

Overall, while the Company previously undertook the First Loan Capitalisation several months ago, the current Loan Capitalisation remains fair and reasonable in light of its ongoing financial challenges. The Company continues to face liquidity constraints, with the net proceeds from the recent October 2025 Equity Fundraising already earmarked to cover operating expenses and general working capital, making further loan capitalisation a necessary measure to preserve its solvency and operational continuity. Importantly, the conversion of debt into equity is conducted at the prevailing market price as further elaborated in the paragraph headed "4.1 Capitalisation Price" below. The Subscriber's repeated willingness to convert loans into equity reflects a strong commitment to the Company's long-term viability, which may positively influence investor sentiment. Each loan capitalisation would strengthen the balance sheet by reducing liabilities and enhancing the equity base, thereby improving the Company's financial resilience and its ability to attract future investment. On balance, we are of the view that although the Loan Capitalisation Agreement and the transactions contemplated thereunder are not conducted in the ordinary and usual course of business of the Group, the Loan Capitalisation is in the interests of the Company and the Shareholders as a whole.

4. Principal terms of the Loan Capitalisation Agreement

On 20 October 2025 (after trading hours), the Company (as issuer) and Mr. Hu (as Subscriber) entered into the Loan Capitalisation Agreement, pursuant to which the parties conditionally agreed that the Subscriber shall subscribe for, and the Company shall allot and issue, a total of 140,000,000 Capitalisation Shares at the Capitalisation Price of HK$0.098 per Capitalisation Share.

The aggregate Capitalisation Price of all Capitalisation Shares payable by the Subscriber shall be satisfied by capitalising and setting off against the Partial Loan upon Completion.

4.1 Capitalisation Price

The Capitalisation Price of HK$0.098 per Capitalisation Share represents:

(i) a premium of approximately 8.89% over the closing price of HK$0.09 per Share as quoted on the Stock Exchange on 20 October 2025, being the date of the Loan Capitalisation Agreement;

(ii) the average closing price per Share of HK$0.098 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Loan Capitalisation Agreement;

(iii) a discount of approximately 7.55% to the average closing price per Share of HK$0.106 as quoted on the Stock Exchange for the last ten consecutive trading days immediately preceding the date of the Loan Capitalisation Agreement;

(iv) a premium of approximately 7.69% over the average closing price per Share of HK$0.091 as quoted on the Stock Exchange for the last twenty consecutive trading days immediately preceding the date of the Loan Capitalisation Agreement;

(v) a premium of approximately 15.29% over the average closing price per Share of HK$0.085 as quoted on the Stock Exchange for the last thirty consecutive trading days immediately preceding the date of the Loan Capitalisation Agreement;

(vi) a premium of approximately 127.91% over the audited consolidated net asset value per Share of HK$0.043 as at 31 March 2025;

(vii) a premium of approximately 24.05% over the closing price of HK$0.079 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

(viii) the theoretical diluted price (as defined under Rule 10.44A of the GEM Listing Rules) of HK$0.098 per Share.

As mentioned in the "Letter from the Board of Directors" of the Circular, the Capitalisation Price was arrived at on an arm's length basis between the Company and the Subscriber after taking into account the recent trading performance of the Shares, the recent market conditions, the current financial position and the business prospects of the Group.

In this regard, we understand that the Capitalisation Price has been determined based on the higher of the closing price of HK$0.09 per Share as quoted on the Stock Exchange on 20 October 2025, being the date of the Loan Capitalisation Agreement and the average closing price per Share of HK$0.098 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Loan Capitalisation Agreement.

4.2 Capitalisation Shares

According to the "Letter from the Board of Directors" of the Circular, the Capitalisation Shares represent (i) approximately 3.05% of the total number of issued Shares as at the Latest Practicable Date; and (ii) approximately 2.96% of the total number of issued Shares as enlarged by the allotment and issue of the Capitalisation Shares, assuming that there will be no changes in the total number of issued Shares between the Latest Practicable Date and the allotment and issue of the Capitalisation Shares.

The Capitalisation Shares when allotted and issued, shall rank *pari passu* in all respects among themselves free from all liens, charges, guarantee, adverse interests and adverse claims, and with the Shares in issue on the date of allotment and issue of the Capitalisation Shares including all dividends declared or payable or distribution made or proposed on or after the date of completion of the Loan Capitalisation.

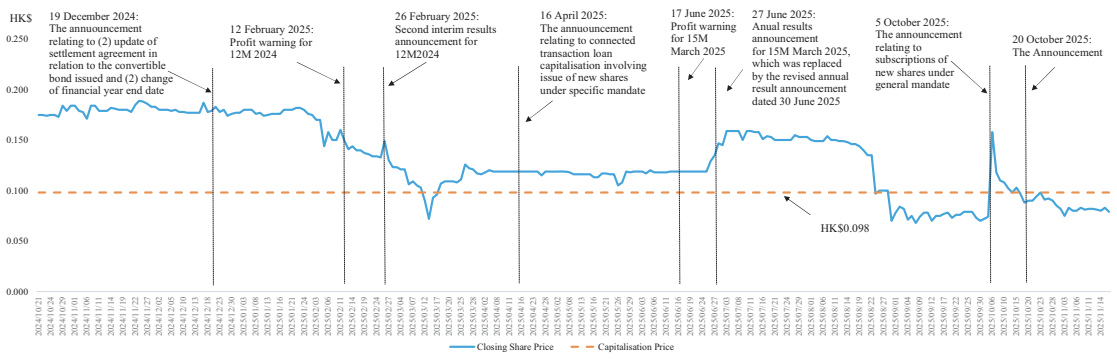
For further details of the Capitalisation Shares, please refer to the paragraph headed "2. The Loan Capitalisation Agreement" in the "Letter from the Board of Directors" of the Circular.

5. Evaluation of the Capitalisation Price

5.1 Historical Share price performance

In order to assess the fairness and reasonableness of the Capitalisation Price, we have performed a review on the daily closing prices of the Shares from 21 October 2024 (which is 12 months prior to the date of the Loan Capitalisation Agreement) to the date of the Loan Capitalisation Agreement ("**Pre-Announcement Period**"), and subsequently up to and including the Latest Practicable Date ("**Post-Announcement Period**") (collectively, the "**Review Period**"). We consider the Review Period which covers approximately one year prior to the date of the Loan Capitalisation Agreement and up to the Latest Practicable Date is adequate and representative to illustrate the recent price movements of the Shares which reflect (i) market and investors' reaction towards the latest developments of the Group, including its financial performance and position, outlook and prospects; and (ii) prevailing market sentiment. We are of the view that this allows us to conduct a meaningful comparison between these closing prices of the Shares and the Capitalisation Price.

Set out below is a chart illustrating the historical closing prices of the Shares quoted on the Stock Exchange during the Review Period:



Source: The website of the Stock Exchange (www.hkex.com.hk)

During the Review Period, the daily closing prices of the Shares ranged from HK$0.068 per Share (the "**Lowest Closing Price**") recorded on 8 September 2025 to HK$0.189 per Share (the "**Highest Closing Price**") recorded on 25 November 2024. The average daily closing price of the Shares during the Review Period was approximately HK$0.133 per Share (the "**Average Closing Price**").

As illustrated in the graph above, since the commencement of the Review Period (i.e. 21 October 2024) and up to 4 February 2025, the closing prices of the Shares hovered between HK$0.170 per Share and HK$0.189 per Share. The Share closing price then declined drastically and reached a low of HK$0.072 per Share on 13 March 2025. During the aforementioned period, the Company published (i) the December 2024 Announcement on 19 December 2024 in relation to the settlement of the convertible bonds as discussed in the paragraph headed "1.3 Outlook of the Group" above; (ii) profit warning for the twelve months ended 31 December 2024 ("**12M2024**") on 12 February 2025; and (iii) the second interim results announcement for 12M2024 on 26 February 2025. Shortly after reaching this low, the Share closing price rebounded to HK$0.126 per Share on 26 March 2025, which remained relatively stable until 25 June 2025. During the aforementioned period, the Company published (i) the announcement in relation to connected transaction in respect of loan capitalisation involving issue of new shares under specific mandate on 16 April 2025; and (ii) profit warning for 15M March 2025 on 17 June 2025. Thereafter, the Share closing price increased to HK$0.159 per Share on 3 July 2025 following the Company's publication of annual results announcement for 15M March 2025 on 27 June 2025. The Share closing price then traded between HK$0.135 per Share to HK$0.159 per Share until 22 August 2025, after which it dropped drastically and reached its lowest of HK$0.068 per Share on 8 September 2025, and then remained relatively stable until 3 October 2025. Following the Company's publication of the announcement relating to subscriptions of new shares under general mandate on 5 October 2025, the Share closing price surged to HK$0.158 per Share on 6 October 2025. However, this did not sustain for long as the

Share closing price then declined to a low of HK$0.088 per Share on 17 October 2025. The Share price closed at HK$0.090 per Share on the date of the Loan Capitalisation Agreement.

During the Post-Announcement Period, the Share closing price was in general on a decreasing trend and reached HK$0.079 per Share on the Latest Practicable Date. The Capitalisation Price represents a premium of approximately 24.05% over the closing price on the Latest Practicable Date.

We note that the Capitalisation Price of HK$0.098 per Capitalisation Share represents a premium of approximately 8.9% to the Share closing price of HK$0.090 per Share as at the date of the Loan Capitalisation Agreement. Despite it represents a discount of approximately 48.1% to the Highest Closing Price of HK$0.189 per Share; and (ii) a discount of approximately 26.3% to the Average Closing Price of approximately HK$0.133 per Share, we have also taken into account that the Capitalisation Price (i) falls within the range of closing prices of the Shares during the Review Period; (ii) represents a premium of approximately 44.1% to the Lowest Closing Price of approximately HK$0.068 per Share; and (iii) represents a premium of approximately 24.05% over the Share closing price as at the Latest Practicable Date.

Having considered the above, we are of the view that the Capitalisation Price is fair and reasonable from the point of view of the historical trading price of the Shares.

5.2 Trading liquidity of the Shares

The following table sets out (i) the average daily trading volume of the Shares; and (ii) the percentage of the average daily trading volume of the Shares to total number of issued Shares as at the end of the month/period during the Review Period:

Month/Period	**Number of trading days**	**Total trading volume of the Shares for the month/period** *(number of shares)*	**Average trading volume of the Shares** *(number of shares)*	**Approximate % of the average daily trading volume over total number of issued Shares as at the end of the relevant month/period**
Pre-Announcement Period				
2024				
October (from 21 October 2024)	9	1,416,000	157,333	0.0043%
November	21	3,200,000	152,381	0.0042%
December	20	5,824,000	291,200	0.0072%
2025				
January	19	8,128,000	427,789	0.0106%
February	20	21,904,000	1,095,200	0.0272%
March	21	31,792,000	1,513,905	0.0375%
April	19	3,096,000	162,947	0.0040%
May	20	5,440,000	272,000	0.0067%
June	21	5,944,000	283,048	0.0070%
July	22	4,392,000	199,636	0.0047%
August	21	9,112,000	433,905	0.0102%
September	22	10,968,000	498,545	0.0117%
October (up to the date of the Loan Capitalisation Agreement)	12	47,913,000	3,992,750	0.0868%
Post-Announcement Period				
2025				
October (after the date of the Loan Capitalisation Agreement)	8	14,024,000	1,753,000	0.0381%
November (up to the Latest Practicable Date)	12	15,040,000	1,253,333	0.0273%
Review Period				
Maximum			3,992,750	0.0868%
Minimum			152,381	0.0040%
Average			704,843	0.0153%

Source: The website of the Stock Exchange (www.hkex.com.hk)

As illustrated in the table above, the average daily trading volume of the Shares ranged from 152,381 Shares to 3,992,750 Shares during the Review Period, representing approximately 0.0040% to approximately 0.0868% of the total number of Shares in issue as at the end of the relevant month/period. We note that the percentage of average daily trading volume to the total number of issued Shares ranged from approximately 0.0040% to approximately 0.0868% during the Pre-Announcement Period, and it ranged from approximately 0.0273% to approximately 0.0381% during the Post-Announcement Period.

Overall, the trading volume of the Shares was relatively thin during the Review Period. This may hinder independent placing agent(s) or underwriter(s) to participate when the Company attempts to conduct an equity fund raising exercise and even if there is such equity fund raising exercise, it is inevitable that considerable discount to the market price of Shares will be required to encourage participation of potential investors. Therefore, the relatively low trading volume suggests that it would be difficult for the Company to pursue sizeable equity financing alternative in stock market without providing considerable discount.

5.3 Market comparable analysis

To further assess the fairness and reasonableness of the Capitalisation Price, we have identified, to the best of our knowledge, effort and endeavor, an exhaustive list of ten comparable transactions (the "**Comparables**") based on the following criteria:

(i) companies listed on the Stock Exchange; and

(ii) companies that had published announcements in relation to connected transactions involving loan capitalisation through subscription of new shares (excluding transactions involving (a) issue of new shares for capital restructuring purpose; and (b) whitewash waiver applications or general offer obligations under the Hong Kong Code on Takeovers and Mergers) under specific mandate since the beginning of 2025 and up to the Latest Practicable Date.

We also note that the relevant terms of the Comparables may vary due to differences in financial positions, business performance and prospects of the respective companies. Nevertheless, we consider that the above selection criteria is fair and reasonable as these captured transactions similar to the Loan Capitalisation (i.e. connected transactions involving loan capitalisation through subscription of new shares) conducted by companies similarly listed on the Stock Exchange and the Comparables reflect recent trend in the prevailing market condition and serve as a general reference.

Our relevant findings are summarised in the following table:

Date of initial announcement	Company name and stock code	Premium/ (Discount) of the capitalisation price over/to the closing price per share on/ prior to the date of agreement	Premium/ (Discount) of the capitalisation price over/to the average closing price per share for the last five consecutive trading days prior to/up to and including the date of agreement	Premium/ (Discount) of the capitalisation price over/to the average closing price per share for the last ten consecutive trading days prior to/up to and including the date of agreement	Premium/ (Discount) of the capitalisation price over/to the average closing price per share for the last twenty consecutive trading days prior to/up to and including the date of agreement	Premium/ (Discount) of the capitalisation price over/to the average closing price per share for the last thirty consecutive trading days prior to/up to and including the date of agreement	Premium/ (Discount) of the capitalisation price over/to the net asset value attributable to owners of the company per share *(Note 1)*
31 October 2025	JX Energy Ltd. (3395)	(1.6%)	(1.3%)	(2.6%)	(7.1%)	(13.3%)	Net liability
24 October 2025	Chuanglian Holdings Limited (2371) *(Note 2)*	8.6%	8.6%	8.6%	8.6%	5.6%	69.7%
26 September 2025	Sheng Tang Holdings Limited (8305)	(24.0%)	(18.1%)	(13.1%)	(6.3%)	(3.1%)	624.1%
25 August 2025	New Concepts Holdings Limited (2221) *(Note 3)*	13.6%	14.9%	12.4%	20.5%	28.2%	(42.8%)
18 June 2025	New City Development Group Limited (456)	(4.9%)	(7.5%)	(13.0%)	(11.2%)	(8.3%)	(84.2%)
29 April 2025	GoFintech Quantum Innovation Limited (290)	4.9%	2.6%	1.7%	(0.9%)	(1.4%)	774.5%
17 April 2025	China HK Power Smart Energy Group Limited (931)	0.0%	(0.5%)	(4.4%)	(16.7%)	(24.7%)	344.1%
7 April 2025	Regent Pacific Group Limited (575)	0.0%	15.8%	12.5%	10.7%	11.5%	Net liability
21 January 2025	Cornerstone Technologies Holdings Limited (8391)	0.0%	0.0%	(2.0%)	(2.0%)	(5.7%)	455.3%
17 January 2025	CHK Oil Limited (632)	5.1%	(5.0%)	(15.7%)	(16.3%)	(5.9%)	47.2%
	Maximum	**13.6%**	**15.8%**	**12.5%**	**20.5%**	**28.2%**	**774.5%**
	Minimum	**(24.0%)**	**(18.1%)**	**(15.7%)**	**(16.7%)**	**(24.7%)**	**(84.2%)**
	Average	**0.2%**	**0.9%**	**(1.6%)**	**(2.1%)**	**(1.7%)**	**273.5%**
	Median	**0.0%**	**(0.3%)**	**(2.3%)**	**(4.1%)**	**(4.4%)**	**206.9%**
20 October 2025	**The Company**	**8.9%**	**0.0%**	**(7.6%)**	**7.7%**	**15.3%**	**188.9%**

Source: The website of the Stock Exchange (www.hkex.com.hk)

Notes:

1. The calculation of net asset value per share is based on (i) the total net asset value attributable to the owners of the company according to the latest annual report, annual result announcement or interim report prior the date of announcement, and (ii) the number of shares outstanding as at the corresponding year/period end date. The net asset value attributable to owners of the company per share are converted from RMB to HK$, where applicable, at the exchange rate of RMB1 = HK$1.0945, being the exchange rate published by the People's Bank of China on 20 October 2025.

2. The respective premiums are calculated based on the theoretical closing prices or number of shares outstanding after taking into account the share consolidation, as appropriate. For details, please refer to the announcement of Chuanglian Holdings Limited dated 24 October 2025.

3. The respective premiums/(discount) are calculated based on the theoretical closing prices or number of shares outstanding after taking into account the share consolidation, as appropriate. For details, please refer to the announcement of New Concepts Holdings Limited dated 25 August 2025.

As illustrated in the table above, we have identified ten Comparables and noted that the capitalisation price of the Comparables ranged from:

(i) a discount of approximately 24.0% to a premium of approximately 13.6% over the respective closing prices of the shares on/prior to the date of the relevant agreement (the "**Range**"), with a median discount/premium of nil and an average premium of approximately 0.2%;

(ii) a discount of approximately 18.1% to a premium of approximately 15.8% to/over the respective average closing prices of the shares on the last five consecutive trading days prior to/up to and including the date of the relevant agreement (the "**Five Days Range**"), with a median discount of approximately 0.3% and an average premium of approximately 0.9%;

(iii) a discount of approximately 15.7% to a premium of approximately 12.5% to/over the respective average closing prices of the shares on the last ten consecutive trading days prior to/up to and including the date of the relevant agreement (the "**Ten Days Range**"), with a median discount of approximately 2.3% and an average discount of approximately 1.6%;

(iv) a discount of approximately 16.7% to a premium of approximately 20.5% to/over the respective average closing prices of the shares on the last twenty consecutive trading days prior to/up to and including the date of the relevant agreement (the "**Twenty Days Range**"), with a median discount of approximately 4.1% and an average discount of approximately 2.1%;

(v) a discount of approximately 24.7% to a premium of approximately 28.2% to/over the respective average closing prices of the shares on the last thirty consecutive trading days prior to/up to and including the date of the relevant agreement (the "**Thirty Days Range**"), with a median discount of approximately 4.4% and an average discount of approximately 1.7%; and

(vi) a discount of approximately 84.2% to a premium of approximately 774.5% over their respective net asset value attributable to owners of the company per share (the "**NAV Range**"), with a median premium of approximately 206.9% and an average premium of approximately 273.5%.

We observed that the Capitalisation Price represents (i) a premium of approximately 8.9% over the Share closing price on the date of the Loan Capitalisation Agreement; (ii) the average Share closing price for the last five consecutive trading day immediately prior to the date of the Loan Capitalisation Agreement; (iii) a discount of approximately 7.6% over the average Share closing price for the last ten consecutive trading day immediately prior to the date of the Loan Capitalisation Agreement; (iv) a premium of approximately 7.7% over the average Share closing price for the last twenty consecutive trading day immediately prior to the date of the Loan Capitalisation Agreement; (v) a premium of approximately 15.3% over the average Share closing price for the last thirty consecutive trading day immediately prior to the date of the Loan Capitalisation Agreement; and (vi) a premium of approximately 188.9% over the net asset value attributable to owners of the Company per Share, which fall within the Range, Five Days Range, Ten Days Range, Twenty Days Range, Thirty Days Range and NAV Range respectively.

5.4 Section summary

Having considered the above, in particular, (i) the Capitalisation Price falls within the range of Share closing prices during the Review Period; (ii) the respective premium/discount of the Capitalisation Price over/to the Share closing price on the date of the Loan Capitalisation Agreement, five/ten/twenty/thirty days average prior to the date of the Loan Capitalisation Agreement, and the net asset value attributable to owners of the Company per Share, falls within the Range, Five Days Range, Ten Days Range, Twenty Days Range, Thirty Days Range and NAV Range respectively pursuant to the market comparable analysis; and (iii) the relatively thin liquidity of the Shares during the Review Period suggests that it would be difficult for the Company to pursue sizeable equity financing without providing considerable discount, we are of the view that the Capitalisation Price is fair and reasonable and on normal commercial terms.

6. Effect of the Loan Capitalisation on shareholding structure of the Company

As set out in the paragraph headed "5. Effect of the Loan Capitalisation on shareholding structure" in the "Letter from the Board of Directors" of the Circular, the following table sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon completion of the Loan Capitalisation and the allotment and issue of the Capitalisation Shares.

Name of Shareholders	**As at the Latest Practicable Date**		**Immediately upon completion of the Loan Capitalisation assuming no other changes to the issued share capital of the Company from the Latest Practicable Date until Completion**	
	No. of Shares	*Approximate %*	*No. of Shares*	*Approximate %*
Mr. Hu	233,664,000	5.08	373,664,000	7.89
Smart Lane	448,000,000	9.74	448,000,000	9.46
Front Riches	99,184,000	2.16	99,184,000	2.09
Sub-total	780,848,000	16.98	920,848,000	19.44
Ms. Lin	26,064,000	0.57	26,064,000	0.55
Uprise Global Investments Limited	448,000,000	9.74	448,000,000	9.45
Gainup Limited	23,056,000	0.50	23,056,000	0.49
Sub-total	497,120,000	10.81	497,120,000	10.49
Mr. Chan Wing Yuen, Hubert	26,064,000	0.57	26,064,000	0.55
Ms. Kwong Wai Man, Karina	26,064,000	0.57	26,064,000	0.55
Ms. Ma Lee	2,240,000	0.05	2,240,000	0.05
Depot Up Limited	640,000,000	13.92	640,000,000	13.51
Other public Shareholders	2,625,288,000	57.10	2,625,288,000	55.41
Total	**4,597,624,000**	**100.00**	**4,737,624,000**	**100.00**

Assuming there are no other changes to the issued share capital of the Company between the Latest Practicable Date and the Completion Date save for the allotment and issue of the Capitalisation Shares, the interests of other public Shareholders in the Company's total number of issued Shares will be diluted from approximately 57.10% to approximately 55.41%.

Taking into account (i) the Loan Capitalisation is in the interests of the Company and the Shareholders as a whole; and (ii) the Capitalisation Price is fair and reasonable and on normal commercial terms, we consider that such potential dilution effect on the shareholding interest of the other public Shareholders to be acceptable and justifiable.

7. Potential financial effects of the Loan Capitalisation

7.1 Earnings

As the Partial Loan does not carry any interest, the Loan Capitalisation will not have any impact to the earnings of the Group.

7.2 Gearing and liquidity

Upon Completion, the Partial Loan (representing HK$13,720,000 of the Loan) would be set off and the remaining part of the Loan (representing HK$23,141,640 of the Loan) shall remain to be due and payable by the Company to the Subscriber.

As a result, indebtedness and liquidity position of the Group will be improved. In terms of gearing ratio, assuming (i) the First Loan Capitalisation had taken place on 31 March 2025, the gearing ratio would be reduced from approximately 35.5% to approximately 19.8%; and (ii) both the First Loan Capitalisation and the current Loan Capitalisation had taken place on 31 March 2025, the gearing ratio would be further reduced to approximately 12.0%. It should be noted that the above analysis is for illustrative purpose only and do not purport to represent how the financial position of the Group will be upon Completion.

Overall, we note that the financial position of the Group would be improved as a result of the Loan Capitalisation.

RECOMMENDATION

In view of the above principal factors and reasons, we are of the view that (i) although the Loan Capitalisation Agreement and the transactions contemplated thereunder are not conducted in the ordinary and usual course of business of the Group, they are in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the Loan Capitalisation Agreement (including the Capitalisation Price) are on normal commercial terms and are fair and reasonable.

Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favor of the resolution to be proposed at the EGM.

Yours faithfully,
For and on behalf of
Altus Capital Limited

Jeanny Leung
Responsible Officer

*Ms. Jeanny Leung ("**Ms. Leung**") is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. She is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Ms. Leung has over 30 years of experience in corporate finance advisory and commercial field in Greater China, in particular, she has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.*

1. RESPONSIBILITY STATEMENT

This circular, 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 circular 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 circular misleading.

2. DISCLOSURE OF INTERESTS

(i) Directors' and chief executives' interests in Shares, underlying Shares or debentures

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which are (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she has taken or deemed to have under such provisions of the SFO); (ii) required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Name of Director	Nature of interest	Number of Shares	Approximate percentage of the issued share capital *(note iii)*
Mr. Hu *(note i)*	Beneficial owner, interest in controlled corporation and interest of spouse	1,277,968,000 (L)	27.79%
Ms. Lin *(note ii)*	Beneficial owner, interest in controlled corporation and interest of spouse	1,277,968,000 (L)	27.79%
Mr. Chan Wing Yuen, Hubert	Beneficial owner	26,064,000 (L)	0.57%
Ms. Kwong Wai Man, Karina	Beneficial owner	26,064,000 (L)	0.57%
Ms. Ma Lee	Beneficial owner	2,240,000 (L)	0.05%

(L) denotes long position

Notes:

(i) Mr. Hu is deemed to be interested in 448,000,000 Shares held by Smart Lane, and in 99,184,000 Shares held by Front Riches, as both companies are 100% controlled by Mr. Hu. Mr. Hu is also beneficially interested in 233,664,000 Shares held by himself personally. Mr. Hu is also deemed to be interested in 497,120,000 Shares which his spouse, Ms. Lin is interested in by virtue of the SFO.

(ii) Ms. Lin is deemed to be interested in 448,000,000 Shares held by Uprise Global, and in 23,056,000 Shares held by Gainup, as both companies are 100% controlled by Ms. Lin. Ms. Lin is also beneficially interested in 26,064,000 Shares held by herself personally. Ms. Lin is also deemed to be interested in 780,848,000 Shares which her spouse, Mr. Hu is interested in by virtue of the SFO.

(iii) The percentage has been compiled based on the total number of the Shares in issue (i.e. 4,597,624,000) as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests and short position in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of SFO) which are required, pursuant to Section 352 of the SFO, to be entered in the registers referred to therein or are required, pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, none of the Directors or chief executive of the Company was a director or employee of a company which has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(ii) Persons having 5% or more interests

As at the Latest Practicable Date, the interests or short positions of the persons, other than a Director or chief executive of the Company, in the Shares and underlying Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO and the amount of such interests and short positions were as follows:

Name	Nature of interest	Number of Shares	Approximate percentage of the issued share capital *(note v)*
Depot Up Limited *(note i)*	Beneficial owner	640,000,000 (L)	13.92%
Mr. Song Zhi Cheng *(note ii)*	Interest of controlled corporation	640,000,000 (L)	13.92%
Smart Lane *(note iii)*	Beneficial owner	448,000,000 (L)	9.74%
Uprise Global *(note iv)*	Beneficial owner	448,000,000 (L)	9.74%

(L) denotes long position

Notes:

(i) Depot Up Limited, a company incorporated in the Republic of Seychelles on 23 February 2015 with limited liability is an investment holding company where the entire issued share capital of which is held by Mr. Song Zhi Cheng.

(ii) Mr. Song Zhi Cheng is deemed to be interested in 640,000,000 shares through his interest in Depot Up Limited.

(iii) Smart Lane Global Limited, a company incorporated in Samoa on 19 February 2014 with limited liability and is an investment holding company where the entire issued share capital of which is held by Mr. Hu, an executive Director and chairman of the Board.

(iv) Uprise Global Investments Limited, a company incorporated in the British Virgin Islands on 19 December 2013 with limited liability is an investment holding company where the entire issued share capital of which is held by Ms. Lin, an executive Director.

(v) The percentage has been compiled based on the total number of the Shares in issue (i.e. 4,597,624,000) as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, no persons, other than a director or chief executives of the Company, had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation, other than statutory compensation).

4. DIRECTORS' INTERESTS IN THE ASSETS, CONTRACTS OR ARRANGEMENT SIGNIFICANT TO THE GROUP

The followings are the contracts in which a Director is materially interested and which is significant in relation to the business of the Group:

(a) the Loan Capitalisation Agreement.

As at the Latest Practicable Date, save as disclosed above, none of the Directors had any interest, directly or indirectly, in any assets which have, since 31 March 2025 (being the date to which the latest published audited consolidated financial statements of the Group were made up), been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Group. None of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group.

5. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Company since 31 March 2025, being the date to which the latest published audited consolidated accounts of the Company were made up.

7. EXPERT'S QUALIFICATION AND CONSENT

Altus Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

The following is the qualification of the expert who has given its opinion or advice which is contained in the circular:

Name	Qualification
Altus Capital Limited	a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

8. EXPERT'S INTERESTS

As at the Latest Practicable Date, Altus Capital Limited did not have any shareholding in any member of the Company or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Company and did not have any direct or indirect interest in any asset which had been acquire by or disposed of or leased to any member of the Group, or was proposed to be acquired by or disposed of or leased to any member of the Group, since 31 March 2025, the date to which the latest published audited consolidated financial statements of the Group were made up; and was not beneficially interested in the share capital of any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the respective websites of the Stock Exchange at "www.hkexnews.hk" and the Company at "www.8246hk.com" for a period of 14 days from the date of this circular:

(a) The Loan Capitalisation Agreement;

(b) the conditional loan capitalisation agreement dated 16 April 2025 entered into between the Subscriber and the Company in relation to the conversion of the partial loan in the principal amount of HK$27,370,000 into 230,000,000 new Shares by applying the partial loan in payment of the subscription amount for the 230,000,000 new Shares credited as fully paid to the Subscriber;

(c) the tenancy agreement dated 16 April 2024 entered into between Cheong Ming Investment Company, Limited, as landlord, and Crown Joy Management Limited and Crown Global Holdings Limited, both being wholly-owned subsidiaries of the Company, as tenant in relation to lease of 23/F, Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong for a term of three years commencing on 16 March 2024;

(d) the subscription agreement dated 3 October 2025 entered into between the Company and Goal Best Investments Limited ("**Subscriber A**") in relation to the subscription of an aggregate of 167,000,000 new Shares by Subscriber A;

(e) the subscription agreement dated 3 October 2025 entered into between the Company and Xue Jian ("**Subscriber B**") in relation to the subscription of an aggregate of 167,000,000 new Shares by Subscriber B;

(f) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out in this circular;

(g) the letter from the Independent Financial Adviser, the text of which is set out in this circular;

(h) the written consent from Altus Capital Limited referred to in the paragraph headed "Expert's Qualification and Consent" in this appendix; and

(i) this circular.

10. MISCELLANEOUS

(a) the registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands;

(b) the principal place of business of the Company is located at 23/F, Chinachem Century Tower, 178 Gloucester Road, Wan Chai, Hong Kong;

(c) the Company's branch share registrar in Hong Kong is Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong;

(d) the company secretary of the Company is Mr. Wong Lok Man who is a member of the Hong Kong Institute of Certified Public Accountants; and

(e) the English text of this circular prevails over the Chinese text in case of inconsistency.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting (the "**EGM**") of Zhonghua Gas Holdings Limited (the "**Company**") will be held at 24/F, Office Plus @ Wan Chai, 303 Hennessy Road, Wan Chai, Hong Kong on Monday, 8 December 2025 at 10:00 a.m. for the purposes of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

1. "**THAT**

   (a) the Loan Capitalisation Agreement (the "**Loan Capitalisation Agreement**") dated 20 October 2025 and entered into between the Company as issuer and Mr. Hu Yishi (the "**Subscriber**") as subscriber in relation to the conversion of the partial loan with principal amount of HK$13,720,000 under the unsecured shareholder's loan due from the Group to the Subscriber into the share capital of the Company (the "**Loan Capitalisation**") involving the subscription (the "**Subscription**") of an aggregate of 140,000,000 new shares to be allotted and issued by the Company (the "**Capitalisation Shares**") at the Capitalisation Price of HK$0.098 per Capitalisation Share and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

   (b) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited approving the listing of, and granting permission to deal in, the Capitalisation Shares, the directors (the "**Directors**") of the Company be and are hereby granted a specific mandate authorising the Directors to exercise all the powers of the Company to allot and issue the Capitalisation Shares to the Subscriber subject to the terms of the Loan Capitalisation Agreement (the "**Specific Mandate**"), with such Specific Mandate being in additional to and not prejudicing or revoking any general or specific mandate(s) which has/have been granted or may from time to time be granted to the Directors by the shareholders of the Company prior to the passing of this resolution; and

(c) any Director be and is hereby authorised to sign, execute, perfect and deliver all such documents, and do all such actions which are in their opinion necessary, appropriate, desirable or expedient for the implementation and giving effect to the Loan Capitalisation Agreement, the Loan Capitalisation, the allotment and issue of the Capitalisation Shares and the transactions contemplated thereunder, and to agree to the variation, amendment and waiver of any of the matters relating thereto that are, in the opinion of the Directors, appropriate, desirable or expedient in the context of the Loan Capitalisation Agreement and are in the best interests of the Company."

For and on behalf of the Board
Zhonghua Gas Holdings Limited
Chan Wing Yuen, Hubert
Chief Executive Officer and Executive Director

Hong Kong, 19 November 2025

Principal place of business:
23/F
Chinachem Century Tower
178 Gloucester Road
Wan Chai
Hong Kong

Notes:

1. A shareholder entitled to attend and vote at the EGM is entitled to appoint a person or (in respect of a shareholder who is the holder of two or more shares) persons as his proxy or proxies to attend and, on a poll, vote instead of him. A proxy need not be a shareholder of the Company.

2. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of such power of attorney or authority, must be deposited at the Company's Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong, not less than 48 hours before the time appointed for holding the EGM or any adjourned meeting, and in default thereof the form of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiry of 12 months from the date of its execution.

3. Delivery of an instrument appointing a proxy shall not preclude a shareholder from attending and voting in person at the EGM should be so wish, and in such event the instrument appointing a proxy shall be deemed to be revoked.

4. Where there are joint registered holders of any Shares, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such Shares as if he were solely entitled thereto; but if more than one of such joint holders be present at the EGM personally or by proxy, that one of the said person as present whose name stands first on the register of members of the Company in respect of such Share shall alone be entitled to vote in respect thereof.

5. The above resolution will be voted by way of a poll at the EGM.

6. For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 3 December 2025 to Monday, 8 December 2025 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 2 December 2025.

7. If tropical cyclone warning signal no. 8 or above, "extreme conditions" caused by super typhoons or a black rainstorm warning signal is in effect any time after 7:00 a.m. on the date of the EGM, the EGM will be adjourned. The Company will post an announcement on the "Latest Listed Company Information" page of the Stock Exchange's website at www.hkexnews.hk to notify shareholders of the Company of the date, time and place of the adjourned meeting.

As at the date of this circular, the non-executive directors of the Company 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 Mr. Wang Weijie.

This circular, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief the information contained in this circular 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 circular misleading.

This circular will remain on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk on the "Latest Listed Company Information" page for at least 7 days from the date of its posting. This circular will also be posted on the Company's website at www.8246hk.com.