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SUPPLEMENTAL ANNOUNCEMENT ON DISCLOSEABLE TRANSACTION IN RELATION TO THE TOTAL RETURN SWAP

References are made to the announcements of the Company dated 15 May 2022, 13 April 2023, 30 January 2024, 31 January 2024, 7 June 2024, 17 June 2024, 27 September 2024 and 24 June 2026 (together, the “**Announcements**”) in relation to the TRS Transactions. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

The Board wishes to provide the Shareholders and potential investors with additional information in relation to the TRS Transactions, as follows:

1. Background

The Company has entered into five total return swap transactions with Hantec Securities Company Limited (the “**Counterparty**”), an SFC-licensed corporation, for the purpose of hedging the risk of increasing costs in acquiring Shares for the Company’s share award scheme adopted on 26 August 2021 (the “**Scheme**”). On 24 June 2026, the Company announced its entry into the 2026 Amendment and Restatement Deed (the “**2026 Deed**”), which amended the terms of the First, Second and Third TRS Transactions, including the extension of their termination dates to 2 October, 20 October and 2 October 2027 respectively, and the installation of the True-Up Disposal Protocol and related suspension and settlement mechanics. The termination date for the Fourth TRS Transaction is 28 May 2027. The Fifth TRS Transaction has not been activated: no independent amount has been paid, and no hedge trades have been executed under it.

2. Summary of the TRS Transactions

Transaction	Date	Initial price (HK\$)	Shares referenced	% of the issued Shares	Equity Notional Amount (Note 1) (HK\$)	Independent Amount (Note 2) (HK\$)	Scheduled termination
First	13 May 2022	4.6284	21,604,500	2.2%	99,993,770	100,000,000	2 Oct 2027 (as extended)
Second	11 Apr 2023	5.7053	17,527,500	1.8%	99,999,110	100,000,000	20 Oct 2027 (as extended)
Third	30 Jan 2024	4.4923	13,355,000	1.4%	59,996,265	60,000,000	2 Oct 2027 (as extended)
Fourth	27 Sep 2024	3.4527	14,481,000	1.5%	49,998,665	50,000,000	28 May 2027 (to be terminated early on or before 31 Dec 2026)
Fifth	27 Sep 2024	– (not activated)	–	–	–	Nil	Will not be activated

Notes:

1. Equity Notional Amount (“**ENA**”) means, for each TRS Transaction, the initial price multiplied by the number of Shares referenced, being the amount on which the payments under that TRS Transaction are calculated.
2. Independent Amount (“**IA**”) means the cash amount paid by the Company to the Counterparty under each TRS Transaction as collateral for the Company’s obligations, which is to be returned to the Company (after set-off of any amount payable by the Company) on the termination of that TRS Transaction.

The aggregate ENA of the First to Fourth TRS Transactions is HK\$309,987,810, referencing approximately 66,968,000 Shares (approximately 6.9% of the issued Shares) at a blended initial reference price of approximately HK\$4.6289, against an aggregate IA of HK\$310,000,000.

3. Commercial rationale and settlement basis

Why the TRS Transactions were entered into

Awards under the Scheme are satisfied with Shares bought on-market by the Trustee. If the Share price rises before the Trustee buys the Shares needed for future awards, those Shares cost the Company more. The TRS Transactions were entered into to protect the Company against that risk by fixing, in economic terms, the cost of the Shares which the Company expected to need for the Scheme at approximately the initial price of each TRS Transaction.

Under each TRS Transaction, the Company receives from the Counterparty any increase in the value of the referenced Shares above the initial price, together with an amount equal to the dividends paid on those Shares, and pays to the Counterparty any decrease in the value of the referenced Shares below the initial price, together with a financing charge (in each case determined in accordance with the terms of the TRS Transaction). If the Share price rises, the amount the Company receives under the TRS Transactions offsets the higher price the Trustee has to pay for the Shares. If the Share price falls, the Company pays the decrease to the Counterparty, but the Trustee is able to buy the Shares at the lower price. In either case, the net cost to the Company of the Shares required for the Scheme is broadly fixed.

Why the TRS Transactions are settled in cash rather than by delivery of Shares

Each TRS Transaction is settled in cash. The Counterparty does not deliver any Shares to the Company deliberately. If the Counterparty were to deliver Shares to the Company, that would be a purchase by the Company of its own Shares otherwise than on the Stock Exchange, which is subject to the requirements of Rule 10.06 of the Listing Rules and the Code on Share Buy-backs. In addition, before the treasury share regime was introduced in June 2024 (that is, when each of the First, Second and Third TRS Transactions was entered into), any Shares bought back by the Company had to be cancelled and so could not have been used for the Scheme. The Shares needed for the Scheme are therefore bought by the Trustee on-market in the usual way, and the TRS Transactions protect the Company against the cost of those purchases.

How the financing charge and the IA changed over time

Under each TRS Transaction, the Company pays a financing charge to the Counterparty and has paid to the Counterparty a cash amount known as the IA (see section 2 above). Both were negotiated with the Counterparty, which is independent of the Company, and were changed twice as market conditions changed:

- (a) When the First TRS Transaction was entered into in May 2022, the financing charge was a floating rate of 6-month HIBOR plus a margin, and the IA was approximately 70% of the ENA. The Counterparty funded the remaining approximately 30%.
- (b) At the first extension of the First TRS Transaction and on entering into the Second TRS Transaction, at the Company's request, the floating rate was changed from 6-month HIBOR to 1-month HIBOR (which was the lower rate at the time) at the same margin, which reduced the financing charge, and the IA was reduced to approximately 60% of the ENA, releasing approximately HK\$20 million of cash to the Company. In return, the Company agreed that the Counterparty could require it to pay further amounts (known as “margin calls”) if the Share price fell.
- (c) HIBOR then rose sharply and the Share price fell. Margin calls were made and the amount paid by the Company to the Counterparty rose to approximately 90% of the ENA. The Company was therefore exposed both to a floating financing charge that was not capped and to further margin calls. The Company renegotiated the terms so that the floating financing charge was replaced by fixed amounts (capped at approximately HK\$32.6 million in aggregate over the life of the TRS Transactions) and the margin call mechanism was removed. In return, the Company increased the IA to 100% of the ENA. The Third and Fourth TRS Transactions were entered into on this fixed, fully-funded basis from the outset.

As a result, the Company's maximum outlay under the TRS Transactions is fixed: no further margin calls can be made, and the Company cannot be required to pay any further amount to the Counterparty before the TRS Transactions are settled. On settlement, the IA is returned to the Company after set-off of any amount payable by the Company under the relevant TRS Transaction. Full funding of this kind, where the dealer buys and holds the shares as its hedge and the client funds the position in full, is a recognised feature of total return swaps.

4. Reference to market practice and comparable transactions

In deciding to enter into the First TRS Transaction, and in agreeing the terms of each subsequent TRS Transaction and amendment, the Board had regard to market practice and to similar transactions entered into by other Hong Kong listed issuers. Hedging the cost of share scheme obligations with cash-settled equity derivatives (such as total return swaps and options) entered into with financial intermediaries is an established practice internationally and in Hong Kong. Before approving the First TRS Transaction, the Board reviewed publicly available announcements and circulars of Hong Kong listed issuers that had entered into equity total return swaps in the preceding years, considering (to the extent disclosed) the purpose of the transaction, whether it was settled in cash or by delivery of shares, the notional amount, the term, the initial

contribution or collateral required and the basis of the financing charge. The Board also considered the principal alternative hedging instrument, a purchased call option over the Shares, which would have protected the Company against an increase in the Share price only, at the cost of a premium that would have been lost if the Share price did not rise, and without the benefit of an amount equal to the dividends on the referenced Shares. A total return swap involves no premium and passes dividends through to the Company: the dividend-equivalent income received under the TRS Transactions to 30 June 2026 (HK\$33,969,627) has defrayed most of the financing costs incurred (see section 5 below).

The closest comparable transaction identified by the Board is the total return swap announced by China Gas Holdings Limited (Stock Code: 384) (“**China Gas**”) on 8 October 2021 (the “**China Gas TRS**”), under which a wholly owned subsidiary of China Gas entered into a cash-settled total return swap referencing up to 37,000,000 China Gas shares, for the stated purpose of hedging its exposure to future share price appreciation in connection with its share award scheme. A comparison of the principal terms of the China Gas TRS (as publicly disclosed) with those of the TRS Transactions is set out below:

	China Gas TRS (as disclosed on 8 October 2021)	The TRS Transactions
Purpose	To hedge the group’s exposure to future share price appreciation which may increase the cost of share purchases under its share award scheme	To hedge the cost of future acquisitions of Shares by the Trustee for the Scheme (see section 3 above)
Reference shares	The issuer’s own shares: up to 37,000,000 shares (approximately 0.66% of its issued share capital)	The Company’s own Shares: approximately 66,968,000 Shares in aggregate under the First to Fourth TRS Transactions (approximately 6.9% of the issued Shares)
Maximum ENA	HK\$780 million	HK\$309,987,810 in aggregate (individual TRS Transactions of approximately HK\$50 million to HK\$100 million each)

**China Gas TRS (as disclosed on
8 October 2021)**

The TRS Transactions

Term	Approximately 12 months, with an option for the subsidiary to terminate early	The First TRS Transaction had an initial term of six months. The TRS Transactions have been extended from time to time, most recently under the 2026 Deed; the current scheduled termination dates are set out in section 2 above, and the Company has undertaken not to further extend them (see section 8 below)
Settlement	Cash settlement by reference to the final price; no physical delivery of shares to the group	Cash settlement; no delivery of Shares to the Company (see section 3 above)
Funding/collateral provided by the issuer	The subsidiary was required to make an initial payment to the counterparty and was expected to make further payments, with any excess of its aggregate payments over the ENA to be refunded by the counterparty once the hedge had been established (that is, the position was funded by the subsidiary up to the ENA)	IA of approximately 70% of the ENA at inception of the First TRS Transaction, reduced to approximately 60% and subsequently increased to 100% (see section 3 above)
Financing charge	Not disclosed	The First and Second TRS Transactions are calculated based on the applicable HIBOR plus an agreed margin, while the Third, Fourth, and Fifth TRS Transactions are calculated based on an agreed fixed rate (see section 3 above)
Listing Rules treatment	Below the 5% threshold under Chapter 14 of the Listing Rules; announced on a voluntary basis	Discloseable transaction under Chapter 14 of the Listing Rules, on an aggregated basis (see section 9 below)

The China Gas TRS and the TRS Transactions have the same structure and purpose: a cash-settled total return swap over the issuer's own shares, entered into with a financial intermediary to hedge the cost of acquiring shares for a share award scheme, with no delivery of shares to the issuer and with the position funded by the issuer. The principal differences are scale and term: the China Gas TRS referenced a much smaller proportion of the issuer's issued shares and was for a single term of approximately 12 months, whereas the TRS Transactions have been extended and, in aggregate, reference risk exposure in excess of the Scheme's residual requirements (see section 6 below). Publicly disclosed Hong Kong examples of this kind of hedge are limited, because such hedges often fall below the disclosure thresholds in Chapter 14 of the Listing Rules or are entered into by subsidiaries without a separate announcement, and the announcements reviewed by the Board did not generally disclose the dealer's collateral, financing or pricing terms. The Board therefore did not treat the public precedents as pricing comparables. It also took into account that the First TRS Transaction was smaller and shorter-dated than a number of the disclosed transactions, which could affect the annualised financing charge because the dealer's fixed documentation, execution, monitoring and unwind costs are spread over a smaller notional amount and a shorter period.

As the level of collateral was not disclosed in the precedents, the Board tested the IA against the terms available in the Hong Kong securities margin financing market. Brokers' published lists of marginable securities and the SFC's guidelines on concentration discounting assigned a lending value of approximately 0% to 30% to non-index Hong Kong listed stocks of liquidity comparable to the Shares, meaning that a client financing a position in such stocks would be required to fund approximately 70% to 100% of it. The IA has at all times been within that range, and the approximately 60% level obtained at the first extension of the First TRS Transaction was better than that benchmark for the Company. The Board also notes that the financing charge fell substantially when the Company funded the position in full and the Counterparty's funding, margin and credit risk exposure to the Company was removed, which the Board considers consistent with the financing charge having reflected those risks.

The Board did not obtain external quotations or an independent financial adviser's opinion on the terms of the TRS Transactions. Under the Listing Rules, an independent financial adviser's opinion is required for connected transactions and certain other specified transactions; the TRS Transactions were not connected transactions and did not otherwise require an independent financial adviser's opinion. Having regard to the matters described above, and to the fact that the terms were re-negotiated with the Counterparty at arm's length on several occasions as market conditions changed, the Board considers that the terms of each TRS Transaction, when entered into and as amended, were within a commercially reasonable range and were fair and reasonable and in the interests of the Company and its shareholders as a whole. While the Board did not conduct a competitive tender process, which would not have been practicable for a bespoke derivative transaction of this nature, the Board considers that the terms compare favourably with

the limited public precedents available. The Board's separate acknowledgement that the aggregate risk exposure under the TRS Transactions exceeded the Scheme's requirements is set out in section 6 below.

5. Financial and accounting impact

Over the life of the TRS Transactions to 30 June 2026, the Company has incurred financing costs of HK\$64,503,734 and other transaction costs of HK\$1,449,793, and has received dividend-equivalent income of HK\$33,969,627 – a net all-in cost of approximately HK\$31,983,901, equivalent to approximately 3.0% per annum on the notional-weighted exposure. Each TRS Transaction is a derivative financial instrument measured at fair value through profit or loss under HKFRS 9; the IA is a financial asset measured at amortised cost. As at 30 June 2026, the TRS Transactions carried an unrealised mark-to-market accumulated loss of approximately HK\$124,635,868 (calculated using the spot valuation framework), recognised in profit or loss in the period in which it arises. Hedge accounting is not available because forecast acquisitions of the Company's own Shares are transactions in the Company's own equity and cannot be designated as hedged items under HKFRS 9; the profit-or-loss volatility is accordingly the mandated presentation of the hedge.

The mark-to-market loss reflects the decline in the Share price from the blended reference price of approximately HK\$4.63 to approximately HK\$2.77 at 30 June 2026; the 12,817,500 Shares acquired by the Trustee in January 2022 (since awarded in full under the first grant described in section 8 below) declined equivalently per Share over the same period. For risk exposure within the Scheme's residual requirements, the fair value loss corresponds to an equivalent reduction in the expected cost of the intended acquisitions; on a chronological attribution, approximately HK\$83.8 million of the loss is attributable to such risk exposure and approximately HK\$40.8 million to the risk exposure in excess of the Scheme's residual requirements described in section 6 below, in each case being an unrealised accounting loss that will crystallise only on settlement of the relevant TRS Transactions and which could reduce or reverse if the Share price recovers before settlement.

6. Aggregate risk exposure relative to the Scheme's requirements

The aggregate reference risk exposure under the First to Fourth TRS Transactions of approximately 66,968,000 Shares (approximately 6.9% of the issued Shares) exceeds the Scheme's remaining capacity of approximately 3.2%. The First and Second TRS Transactions, taken together, were sized broadly to the Scheme's residual requirement at the time; the excess arose from the entry into the Third and Fourth TRS Transactions as the Share price declined. While each successive

transaction reduced the blended locked-in reference price for the intended acquisitions, the Board recognises that, with the benefit of hindsight, the aggregate risk exposure came to exceed the Scheme's residual requirements. The Board has now adopted an aggregate risk exposure limit tied to the Scheme's residual requirements as part of the enhanced controls described in section 8 below, and the excess risk exposure will be eliminated through the early termination of the Fourth TRS Transaction (scheduled termination date: 28 May 2027), which the Company has undertaken to terminate on or before 31 December 2026, and the agreed early reduction described in section 8 below, targeted for completion by 30 June 2027.

No compensation, break fee or other termination fee is payable by the Company on the early termination of the Fourth TRS Transaction. The contractual mechanics and any costs of the agreed early reduction of the remaining excess risk exposure will be negotiated with the Counterparty; the Board considers that the earlier elimination of the excess risk exposure and the earlier recovery of the corresponding IA outweigh those costs.

7. Counterparty risk exposure and its management

Nature of the Company's risk exposure

The IA of HK\$310,000,000 is posted with the Counterparty, such that the Company's entitlement is a contractual claim for the return of equivalent amounts, subject to close-out netting under the ISDA Master Agreement; the net risk exposure after netting against the mark-to-market amount was approximately HK\$185.4 million as at 30 June 2026. HK\$50,000,000 of the IA is returned upon the early termination of the Fourth TRS Transaction (scheduled termination date: 28 May 2027), which the Company has undertaken to terminate on or before 31 December 2026, with the balance returned at the 2027 termination dates as extended, accelerated pro rata under the excess-reduction plan described in section 8 below.

Credit assessment of the Counterparty

The Counterparty is a corporation licensed by the SFC to carry on Type 1 (dealing in securities) regulated activity (CE No. AFL779). It is subject to the Securities and Futures (Financial Resources) Rules (the "**Financial Resources Rules**"), which require it to maintain minimum liquid capital and to file monthly financial resources returns with the SFC. The Counterparty's sole ultimate beneficial owner is Mr. Or Wai Sheun, who has been approved by the SFC as a substantial shareholder of the Counterparty under the fit and proper requirements of the Securities and Futures Ordinance.

Before entering into the First TRS Transaction, the Company carried out a credit assessment of the Counterparty which comprised:

- (a) verifying the Counterparty's regulatory standing on the SFC's public register of licensed persons and registered institutions, including the types of regulated activity for which it is licensed, any conditions imposed on its licence and the absence of any public disciplinary action against it;
- (b) reviewing its most recent audited financial statements, in particular its paid-up capital, its net asset position and its compliance with the liquid capital and reporting requirements of the Financial Resources Rules;
- (c) conducting searches at the Companies Registry confirming its incorporation, shareholding and directors, together with litigation and winding-up searches;
- (d) confirming the identity of its ultimate beneficial owner and that person's approval by the SFC as a substantial shareholder of a licensed corporation;
- (e) considering its operating history and standing in the Hong Kong market as a long-established licensed dealer, and the Company's own dealings with it; and
- (f) assessing the risk exposure which the Company proposed to assume – an IA of HK\$70,000,000 initially, and in any event a net exposure after close-out netting under the ISDA Master Agreement rather than the gross amount paid – against the Counterparty's financial position and the Group's own resources.

A review of the Counterparty's then-current regulatory standing and most recent audited financial statements was carried out before each subsequent TRS Transaction and amendment. Each such review confirmed the Counterparty's continued compliance with its regulatory capital requirements.

The Board's assessment

Having considered the matters described above, the Board is of the view that, on the information available to the Company, the Counterparty is a duly licensed and regulated financial institution in good standing which has remained in compliance with its regulatory capital requirements throughout the Company's dealings with it.

The Board recognises that the IA was paid to the Counterparty by way of title transfer and is not held as segregated client money, so that the Company's entitlement to its return is a contractual claim against the Counterparty which is not secured, and that the IA might not be recovered in full if the Counterparty were to become insolvent or otherwise default. In that event the Company's risk exposure would be governed by the close-out netting provisions of the ISDA Master Agreement, under which the mark-to-market amount payable by the Company would be set off against the IA to be returned to it, reducing the Company's risk exposure from the gross amount of HK\$310,000,000 to the net amount of approximately HK\$185.4 million as at 30 June 2026 (subject to the close-out calculation and the enforceability of netting). The Board does not regard netting as eliminating counterparty credit risk, but as reducing it from the gross to the net amount. The Board has no reason to believe that the Counterparty is at risk of insolvency or default, and the matters described above are disclosed as part of a prudent assessment of counterparty credit risk rather than as an indication of any current concern.

The Board also has regard, as a qualitative factor only, to the stability and substance of the Counterparty's ownership: Mr. Or Wai Sheun's principal business interests include a controlling interest in Kowloon Development Company Limited (Stock Code: 34), the Company's residual risk exposure under the TRS Transactions is not material relative to those disclosed interests, and a substantial and long-established owner of a licensed financial institution has evident commercial and reputational incentives not to permit a default by that institution. The Board recognises that, in the absence of any enforceable third-party support, this consideration is not a substitute for the assessment of the Counterparty itself or for the measures described below.

Taking these matters together, the Board considers that the counterparty credit risk in respect of the IA is being appropriately managed, and notes that it will reduce progressively as the IA is returned upon the early termination of the Fourth TRS Transaction, the agreed early reduction of the remaining excess risk exposure and the final terminations described in section 8 below.

Monitoring and risk mitigation

The Company monitors the mark-to-market position, net risk exposure and the Counterparty's standing on a monthly basis, with monthly reporting to the Audit Committee and prompt escalation to the Board of any material deterioration in the Counterparty's regulatory or financial standing, has adopted counterparty concentration limits for any future derivative transactions, and is pursuing negotiations for escrow, security or a guarantee in respect of IA balances pending the terminations.

8. The Scheme, plans, undertakings and enhanced internal controls

The first grant of Awarded Shares under the Scheme was made on 28 July 2026 to two grantees in respect of an aggregate of 12,817,500 Shares, satisfied in full from Shares held by the Scheme Trust. The Trustee's holding is thereby fully allocated, and acquisitions for any further awards within the Scheme's remaining capacity of approximately 35.9 million Shares will be made by the Trustee on-market in accordance with the Scheme's requirements, following the reductions and terminations described below.

The Company confirms and undertakes that: (a) it will not activate, utilise or extend the Fifth TRS Transaction, under which no IA has been or will be paid and no hedge trades have been or will be executed, and the further fixed fee of HK\$1,900,000 will not be paid; (b) it will not enter into any new total return swap or similar derivative transaction referencing the Shares without prior consultation with the Stock Exchange and full compliance with the Listing Rules; (c) none of the First to Third TRS Transactions will be further extended, renewed or replaced beyond its current scheduled termination date (as amended by the 2026 Deed), and the Fourth TRS Transaction (scheduled termination date: 28 May 2027) will be terminated early on or before 31 December 2026; the exposure in excess of the Scheme's residual requirements will be eliminated through that termination and an agreed early reduction of the remaining excess, targeted for completion by 30 June 2027, with the IA returned pro rata upon each reduction and in full upon the final terminations; (d) the Board has adopted a written derivatives and treasury policy under which any future derivative exposure referencing the Shares is capped at the Scheme's residual requirements, subject to counterparty concentration limits and prior review by the Audit Committee; and (e) the Company will keep shareholders informed of the completion of the reductions and terminations in its interim and annual reports and by further announcement(s) as appropriate.

9. Listing Rules implications

As one or more of the applicable percentage ratios in respect of the TRS Transactions, on an aggregated basis, exceeds 5% but all are less than 25%, the TRS Transactions constitute a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules and are subject to the reporting and announcement requirements, but exempt from the shareholders' approval requirement, under Chapter 14 of the Listing Rules.

By order of the Board
Tian Lun Gas Holdings Limited
Xian Zhenyuan
Chairman

Zhengzhou, the PRC, 24 September 2026

As at the date of this announcement, the executive Directors are Mr. Xian Zhenyuan (Chairman and Chief Executive), Ms. Li Tao, Mr. Xiao Hui and Ms. Zhang Baixuan; the non-executive Directors are Ms. Chen Hong and Mr. Zhang Daoyuan; and the independent non-executive Directors are Mr. Li Liuqing, Mr. Lei Chunyong, Ms. Zhou Lin, and Ms. Tao Xiaohui.