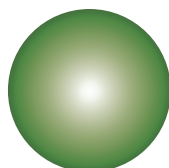

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 Yuan Heng Gas Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

Hong Kong Exchange and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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



元亨燃氣
YUANHENG GAS

YUAN HENG GAS HOLDINGS LIMITED

元亨燃氣控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 332)

(1) ADOPTION OF THE SHARE OPTION SCHEME; AND (2) NOTICE OF SPECIAL GENERAL MEETING

A notice convening the SGM to be held on Monday, 4 October 2021 at 11:15 a.m. at Theatre R4&R5, 10/F., United Centre, 95 Queensway, Hong Kong is set out on pages 19 to 21 of this circular. A form of proxy for use at the SGM is enclosed with this circular. Such form of proxy is also published on the HKExnews website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.yuanhenggas.com.

Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy to the Share Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon as soon as possible together with a power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, and in any event not less than 48 hours before the time fixed for holding the SGM or any adjourned meeting thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

PRECAUTIONARY MEASURES FOR THE SGM

In view of the ongoing COVID-19 pandemic and with a view to minimize the Shareholders' and attendees' risk of infection, the Company will implement the following precautionary measures at the SGM:

- (1) Compulsory temperature screening/checks and compulsory health declaration
- (2) Compulsory wearing of surgical face mask prior to admission and throughout the SGM — no mask will be provided at the SGM venue
- (3) Seat will be assigned at the SGM venue to ensure social distancing
- (4) No distribution of corporate gifts
- (5) No provision of refreshments or drinks or refreshment packs
- (6) Hand sanitizers will be provided at the SGM venue

Attendees who do not comply with the above precautionary measures may be denied entry into the SGM venue, at the absolute discretion of the Company as permitted by law.

For the health and safety of Shareholders, the Company encourages Shareholders to exercise their right to vote at the SGM by appointing the Chairman of the SGM as their proxy and to return their proxy forms by the time specified herein, or through HKSCC Nominees Limited by giving instructions to their brokers and custodians, instead of attending the SGM in person.

The Company will keep the evolving COVID-19 situation under review and may implement additional measures which it will announce closer to the date of the SGM (if any).

9 September 2021

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Accompanying document — Form of Proxy for the SGM

PRECAUTIONARY MEASURES FOR THE SGM

For the health and safety of Shareholders, the Company encourages Shareholders to exercise their right to vote at the SGM by appointing the Chairman of the SGM as their proxy and to return their proxy forms by the time specified herein, or through HKSCC Nominees Limited by giving instructions to their brokers and custodians, instead of attending the SGM in person.

In view of the ongoing COVID-19 pandemic and with a view to minimize the Shareholders' and attendees' risk of infection, the Company will implement the following precautionary measures at the SGM:

- (1) Compulsory temperature screening/checks and compulsory health declaration. Anyone with a body temperature above the reference range quoted by the Department of Health, Hong Kong from time to time, or is exhibiting flu-like symptoms may be denied entry into the SGM venue and be requested to leave the SGM venue;
- (2) Compulsory wearing of surgical face mask prior to admission and throughout the SGM. Please note that no mask will be provided at the SGM venue;
- (3) A seat will be assigned to each attendee at the SGM venue to ensure social distancing;
- (4) There is no distribution of corporate gifts;
- (5) No provision of refreshments or drinks or refreshment packs at the SGM venue; and
- (6) Hand sanitizers will be provided at the SGM venue.

Attendees who do not comply with the above precautionary measures may be denied entry into the SGM venue, at the absolute discretion of the Company as permitted by law. To the extent permitted under law, the Company reserves the right to deny entry into the SGM venue or require any person to leave the SGM venue in order to ensure the safety of other attendees at the SGM.

The Company will keep the evolving COVID-19 situation under review and may implement additional measures which it will announce closer to the date of the SGM (if any). Shareholders should check the website of the Company (www.yuanhenggas.com) for future announcements and updates on the SGM arrangements.

EXPECTED TIMETABLE

2021

Closure of Register (both dates inclusive)	Tuesday, 28 September to Monday, 4 October
Latest time for lodging the proxy forms for use at the SGM.	11:15 a.m. on Saturday, 2 October
Record Date for determination of entitlements to the SGM	Monday, 4 October
Date and time of SGM	11:15 a.m. on Monday, 4 October
Announcement of the poll results of the SGM to be posted on the HKExnews website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.yuanhenggas.com	After 4:00 p.m. on Monday, 4 October

Notes:

1. All dates and time set out in this circular refer to Hong Kong dates and time.
2. Dates or deadlines specified in this circular are indicative only and may be varied by the Company. Any consequential changes to the expected timetable will be published or notified to the Shareholders by way of announcement(s) at the HKExnews website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.yuanhenggas.com as and when appropriate and in accordance with the Listing Rules.
3. The SGM will be held on 4 October 2021 as scheduled regardless of whether or not an amber or red rainstorm warning signal is in force in Hong Kong at any time on that day. However, if Typhoon Signal No. 8 or above, or a "black" rainstorm warning is in effect at any time after 9:30 a.m. and before the above meeting time, the SGM will be postponed. The Company will post an announcement at the HKExnews website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.yuanhenggas.com to notify shareholders of the date, time and place of the rescheduled meeting.

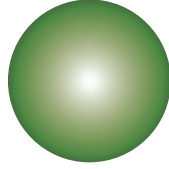
DEFINITIONS

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

“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company for the time being
“Company”	Yuan Heng Gas Holdings Limited, an exempted company incorporated in Bermuda with limited liability and the Shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to this term under the Listing Rules
“controlling shareholder”	has the meaning ascribed to this term under the Listing Rules
“Date of Grant”	the date on which an Offer is granted to a Participant pursuant to the Scheme
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	6 September 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer”	an offer for the grant of an Option made in accordance with the Scheme
“Optionholder(s)”	holder(s) of the Options
“Option(s)”	the option(s) that may be granted under the Scheme to subscribe for Shares in accordance with the terms thereof
“Participant”	has the meanings as defined under paragraph (c) of Appendix I to this circular
“Register”	the register of members of the Company
“Scheme”	the share option scheme of the Company proposed to be adopted and approved by the Shareholders at the SGM, a summary of its principal terms is set out in Appendix I to this circular

DEFINITIONS

“Scheme Mandate Limit”	the total number of Shares which may be issued upon exercise of all options that may be granted under the Scheme and any other share option scheme of the Group which shall not in aggregate exceed 10% of the Shares in issue as at the date of the passing of the relevant resolution for its initial adoption, or subsequently for its refreshment
“SGM”	the special general meeting of the Company to be held at Theatre R4&R5, 10/F., United Centre, 95 Queensway, Hong Kong on Monday, 4 October 2021 at 11:15 a.m., notice of which is set out on pages 19 to 21 of this circular, or any adjournment thereof
“SGM Notice”	the notice dated 9 September 2021 convening the SGM set out on pages 19 to 21 of this circular
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Share Registrar”	Tricor Tengis Limited, being the branch share registrar and transfer office of the Company in Hong Kong, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong (or other share registrar as the Company may from time to time appoint)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to this term under the Listing Rules
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-Backs published by the Securities and Futures Commission of Hong Kong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.



元亨燃氣
YUANHENG GAS

YUAN HENG GAS HOLDINGS LIMITED

元亨燃氣控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 332)

Board of Directors:

Executive Directors

Mr. Wang Jianqing (*Chairman and Chief Executive Officer*)

Mr. Bao Jun

Mr. Zhou Jian (*Chief Operating Officer*)

Independent Non-Executive Directors

Dr. Leung Hoi Ming

Mr. Wong Chi Keung

Mr. Tom Xie

Registered Office:

Clarendon House

Church Street

Hamilton HM 11

Bermuda

Principal place of business:

Room 4102, 41/F

Far East Finance Centre

16 Harcourt Road

Hong Kong

9 September 2021

To the Shareholders

Dear Sir or Madam,

(1) ADOPTION OF SHARE OPTION SCHEME

AND

(2) NOTICE OF SPECIAL GENERAL MEETING

1. INTRODUCTION

The purpose of this circular is to provide you with information in relation to the resolution to be proposed at the SGM for the adoption of the Scheme and to give you the SGM Notice.

LETTER FROM THE BOARD

2. ADOPTION OF SHARE OPTION SCHEME

The Company had previously adopted a share option scheme on 23 August 2002 but it had expired on 23 August 2012 and there was no outstanding option granted under the expired share option scheme or any other scheme since then. The Company currently does not have a share option scheme. The Board proposes to recommend to the Shareholders to approve the Scheme, the principal terms of which is set out in Appendix I to this circular, so that Options may be granted to the Participants pursuant to the terms thereof.

Conditions of the Scheme

The Scheme is conditional upon:

- (a) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, the Shares which may be issued pursuant to the exercise of the Options granted under the Scheme; and
- (b) the passing of an ordinary resolution by the Shareholders to approve and adopt the Scheme and to authorise the Directors to grant Options to subscribe for Shares under the Scheme and to allot, issue and deal in the Shares pursuant to the exercise of any Options.

Application will be made to the Stock Exchange for approval of the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any Options that may be granted under the Scheme.

Reasons for adopting the Scheme

The purpose of the Scheme is for the Group to attract, retain and motivate talented Participants to strive for future developments and expansion of the Group. The Scheme shall be an incentive to encourage the Participants to perform their best in achieving the goals of the Group and allow the Participants to enjoy the results of the Company attained through their efforts and contributions.

The eligibility of Participants who are directors of a member of the Group and full time employees of the Group will be determined by the Board with reference to factors including the relevant person's performance, responsibilities within the Group, his actual and/or potential contribution to the business or operation of the Group. The purpose of including parties other than directors and employees of the Group (i.e. consultants employed on a contract basis by any member of the Group) as Participants is to give more flexibility to the Company to provide incentives to persons who have made, or are under an obligation to make, a contribution to or for the benefit of the Group over a sustained or longer term period, by granting such parties a right to subscribe for equity interest in the Company. The eligibility of Participants, other than directors and employees of the Group, will be determined by the Board with regard to the relevant person's actual and/or potential contribution to the business or operation of the Group. The Company considers that the grant of Options to such persons will

LETTER FROM THE BOARD

have the benefit of aligning the interests of such persons with that of the Group, thus encouraging such persons to continue to contribute positively to the Group and enabling the Group to foster long term co-operation with such persons.

Further details of the Scheme

The terms of the Scheme provide that in granting Options under the Scheme, the Board may offer to grant any Options subject to such terms and conditions in relation to the minimum period of the Options to be held and/or the performance criteria to be satisfied before such Options can be exercised and/or any other terms as the Board may determine in its absolute discretion, subject to compliance with the terms of the Scheme. The Board will also determine the subscription price of the Option in respect of any option in accordance with the terms of the Scheme.

Pursuant to the terms of the Scheme, unless the Directors otherwise determined and stated in the Offer to a Participant, a Participant is not required to achieve any performance targets or set any minimum period for which any Options must be held before any Options granted under the Scheme can be exercised. The Board will consider the merits of each grant to Participants on a case-by-case basis and may set vesting period or vesting conditions such as any performance targets or minimum period for which any Options must be held to ensure that the grant of the Options to them will be beneficial to the Group. The determination of the exercise price of the Options will be at the sole discretion of the Board and in any event shall be no less than the highest of the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date on which an Option is granted and the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date on which an Option is granted in compliance with the Listing Rules, and further, not less than the nominal value of each Share.

A summary of the principal terms of the Scheme is set out in Appendix I to this circular.

Value of Options

The Directors consider that it is not appropriate to state the value of all options that can be granted pursuant to the Scheme. The Directors believe that any statement regarding the value of the options as at the Latest Practicable Date will not be meaningful to the Shareholders, taking into account the number of variables which are crucial for the calculation of the value of the options which have not been determined. Such variables include the subscription price of the Options, the option period, any lock-up period, any performance targets that may be set and other relevant variables.

If the Company conducts any share consolidation or subdivision after the adoption of the Scheme has been approved by the Shareholders at the SGM, the maximum number of shares that may be issued upon exercise of all Options will be

LETTER FROM THE BOARD

adjusted so that the maximum number of Shares as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same.

Other information

There is no trustee regime under the Scheme. None of the Director is a trustee of the Scheme or has a direct or indirect interest in the trustee of the Scheme, if any.

As at the Latest Practicable Date, and to the best knowledge, belief and information of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolution regarding the proposed adoption of the Scheme at SGM. The Company will comply with all applicable requirements under Chapter 17 of the Listing Rules in respect of the operation of the Scheme.

Subject to the obtaining of Shareholders' approval with respect to the adoption of the Scheme, the total number of Shares which may be issued upon exercise of all Options to be granted under the Scheme and any other share option schemes of the Company must not, in aggregate, exceed the Scheme Mandate Limit, i.e. 10% of the issued share capital of the Company as at the date of approval of the Scheme, or subsequently as at the date of approval for its refreshment.

As at the Latest Practicable Date, there were 6,545,621,131 Shares in issue. Assuming no Shares will be issued or repurchased from the Latest Practicable Date to the date of the SGM on which the Scheme is expected to be adopted by the Shareholders, and subject to the Scheme becoming effective, the Company may grant Options under the Scheme and any other share option schemes of the Company in respect of which up to 654,562,113 Shares may be issued, representing not more than 10% of the Shares in issue.

Further, no Options will be granted which would result in the maximum aggregate number of Shares which may be issued upon exercise of all outstanding Options granted but yet to be exercised under the Scheme and any other share option schemes adopted by the Company which provide for the grant of options to acquire or subscribe for Shares exceeding, in aggregate, 30% of the issued share capital of the Company from time to time.

As at the Latest Practicable Date, there are no options granted by the Company that are outstanding and no option has been granted or agreed to be granted under the Scheme.

Copy of the Scheme is available for inspection during normal business hours between 10:00 a.m. to 4:00 p.m. on Monday to Friday (except public holiday) at the principal place of business of the Company in Hong Kong at Room 4102, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong from the date of this circular up to and including the date of the SGM.

LETTER FROM THE BOARD

3. THE SGM

The SGM will be held at Theatre R4&R5, 10/F., United Centre, 95 Queensway, Hong Kong on Monday, 4 October 2021 at 11:15 a.m.

The SGM Notice is set out on pages 19 to 21 of this circular.

Pursuant to Rule 13.39(4) of the Listing Rules, all votes at the SGM will be taken by poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A form of proxy for use at the SGM is enclosed with this circular. Such form of proxy is also published on the HKExnews website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.yuanhenggas.com.

Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy to the Share Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon as soon as possible together with a power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, and in any event not less than 48 hours before the time fixed for holding the SGM or any adjourned meeting thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

The Register will be closed from Tuesday, 28 September 2021 to Monday, 4 October 2021 (both days inclusive) in order to determine the Shareholders' entitlements to attend and vote at the SGM, during which no transfer of Shares will be registered.

In order to qualify for attending and voting at the SGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Share Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 27 September 2021.

4. RECOMMENDATIONS

The Directors consider the adoption of the Scheme is in the best interests of the Company and its Shareholders as a whole and recommend the Shareholders to vote for the relevant resolution set out in the SGM Notice.

LETTER FROM THE BOARD

5. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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.

6. FURTHER INFORMATION

Your attention is drawn to the additional information set out in appendix to this circular.

This circular is in English and Chinese. In the case of any inconsistency, the English version shall prevail.

Yours faithfully,
By the order of the Board of
YUAN HENG GAS HOLDINGS LIMITED
Wang Jianqing
Chairman and Chief Executive Officer

This Appendix summarises the principal terms of the Scheme but does not form part of, nor was it intended to be, part of the Scheme nor should it be taken as effecting the interpretation of the rules of the Scheme.

(a) PURPOSE

The purpose of the Scheme is for the Group to attract, retain and motivate talented Participants (as defined in paragraph (c) below) to strive for future developments and expansion of the Group. The Share Option Scheme shall be an incentive to encourage the Participants to perform their best in achieving the goals of the Group and allow the Participants to enjoy the results of the Company attained through their efforts and contributions.

(b) CONDITIONS

The Scheme is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, the Shares which may be issued pursuant to the exercise of the Options granted under the Scheme; and
- (ii) the passing of an ordinary resolution by the Shareholders to approve and adopt the Scheme and to authorise the Directors to grant Options to subscribe for Shares under the Scheme and to allot, issue and deal in the Shares pursuant to the exercise of any Options.

(c) SCOPE OF PARTICIPANTS AND ELIGIBILITY OF PARTICIPANTS

The Board may, at its discretion, invite:

- (i) any employee (whether full time or part time, including any executive director but excluding any non-executive director) of the Company or any Subsidiary (an “**Employee**”);
- (ii) any non-executive directors (including independent non-executive directors) of the Company or any Subsidiary; and
- (iii) any consultant being a person who, pursuant to a contract for services, renders services to the Company or any Subsidiary which are commonly rendered by an employee of such company.

In determining the basis of eligibility of each participant (the “**Participant**”), the Board would take into account such factors as the Board may at its discretion consider appropriate.

(d) ACCEPTANCE OF OFFER

Offer of an Option shall be deemed to have been accepted by the grantee when the duplicate of the relevant offer letter comprising acceptance of the Option duly signed by the grantee together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof, is received by the Company within 28 days from the date of the offer.

(e) SUBSCRIPTION PRICE

The subscription price for the Shares under the Scheme shall be a price determined by the Board at its sole discretion and notified to the Participant and shall be no less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date on which an Option is granted which must be a trading day; and (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date on which an Option is granted. For the purpose of determining the subscription price where the Company has been listed for less than five trading days, the Offer Price shall be used as the closing price for any trading day falling within the period before Listing.

(f) MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- (i) Subject to (iv) below, the total number of Shares which may be issued upon exercise of all Options to be granted under the Scheme and any other share option schemes of the Company shall not in aggregate exceed 654,562,113 Shares, being 10% of the total number of Shares in issue as at the date of approval of the Scheme, unless the Company obtains an approval from its shareholders pursuant to (ii) below.
- (ii) Subject to (iv) below, the Company may seek approval from its shareholders in general meeting for refreshing the 10% limit set out in (i) above such that the total number of Shares which may be issued upon exercise of all Options to be granted under the Scheme and any other share option schemes of the Company under the limit as refreshed shall not exceed 10% of the total number of the Shares in issue as at the date of approval to refresh such limit.
- (iii) Subject to (iv) below, the Company may seek separate approval from its shareholders in general meeting for granting Options to specified Participants beyond the 10% limit provided that the Options granted in excess of such limit are specially approved by our Shareholders in general meeting and the Participants are specifically identified by the Company before such approval is sought. In such case, the Company shall send a circular to its Shareholders containing the information required under the Listing Rules for their approval.

- (iv) Notwithstanding any other provisions of the Scheme, the maximum number of Shares in respect of which Options may be granted under the Scheme together with any options outstanding and yet to be exercised under the Scheme and any other share option schemes of the Company must not exceed 30% (or such higher percentage as may be allowed under the Listing Rules) of the total number of Shares in issue from time to time. No Options may be granted under the Scheme or any other share option schemes of the Company if this will result in such limit being exceeded.

(g) CONDITIONS, RESTRICTIONS OR LIMITATIONS ON OFFERS OF OPTIONS

Unless otherwise determined by the Board and specified in the offer letter at the time of the offer of the Option, there are neither any performance targets that need to be achieved by the grantee before an Option could be exercised nor any minimum period for which an Option must be held before the Option can be exercised. Subject to the provisions of the Scheme and the Listing Rules, the Board may when making the offer of Options impose any conditions, restrictions or limitations in relation to the Option as it may at its absolute discretion think fit.

(h) MAXIMUM ENTITLEMENT OF SHARES OF EACH PARTICIPANT

- (i) Subject to paragraph (ii) below, the total number of Shares issued and to be issued upon exercise of the Options granted to each Participant (including all exercised, cancelled and outstanding Options) in any 12-month period shall not exceed 1% of the total number of Shares in issue.
- (ii) Notwithstanding (i) above, any further grant of Options to a Participant in excess of the 1% limit shall be subject to approval by our Shareholders in general meeting with such Participant and his or her close associates (or his associates if such Eligible Participant is a connected person) abstaining from voting. The number and the terms of the Options to be granted to such Participant shall be fixed before our Shareholders' approval and the date of the Board meeting for proposing such further grant should be taken as the date for grant for the purpose of calculating the subscription price.

(i) GRANT OF OPTIONS TO CONNECTED PERSONS

- (i) Any grant of Options to a Participant who is a Director, chief executive or substantial Shareholder (as defined under the Listing Rules) of the Company or their respective associates must be approved by the independent non-executive Directors (excluding independent non-executive Director who is the Participant).

(ii) Where the Board proposes to grant any Option to a Participant who is a substantial Shareholder or an independent non-executive Director, or any of their respective associates, and such Option which if exercised in full, would result in such Participant becomes entitled to subscribe for such number of Shares, when aggregated with the total number of Shares already issued and issuable to him or her pursuant to all Options granted and to be granted (including Options exercised, cancelled and outstanding) to him or her in the 12-month period up to and including the date of such grant:

- (1) representing in aggregate more than 0.1% of the relevant class of securities of the Company in issue on the date of such grant; and
- (2) having an aggregate value, based on the closing price of the Shares as at the date of such grant, in excess of HK\$5,000,000, such proposed grant of Options must be approved by our Shareholders in general meeting. In such case, the Company shall send a circular to its shareholders containing all those terms as required under the Listing Rules. The Participant concerned and all core connected persons of our Company must abstain from voting in favour at such general meeting. Any vote taken at the meeting to approve the grant of such Options must be taken on a poll.

(j) EXERCISE OF OPTIONS

An Option may be exercised in accordance with the terms of the Scheme and such other terms and conditions upon which an Option was granted, at any time during the option period after the Option has been granted by the Board but in any event, not longer than 10 years from the date of grant. An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the expiry of the option period.

(k) TRANSFERABILITY OF OPTIONS

An Option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interests in favour of any third party over or in relation to any Option.

(l) IF A GRANTEE CEASED TO BE A PARTICIPANT BY REASON OTHER THAN DEATH OR MISCONDUCT

If the grantee ceases to be a Participant for any reason other than on the grantee's death or the termination of the grantee's employment or directorship on one or more of the grounds specified in paragraph (n) below, the grantee may exercise the Option up to his entitlement at the date of cessation (to the extent exercisable as at the date of cessation and not already exercised) within the period of 9 months (or such longer period as the Board may determine (but not exceeding the expiry date of the option period)) following the date of such cessation, which date shall be the last actual working day with the relevant company

in the Group whether salary is paid in lieu of notice or not, or the last date of appointment as director of the relevant company in our Group, as the case may be, failing which it will lapse.

(m) ON THE DEATH OF A GRANTEE

If the grantee dies before exercising the Option in full and none of the events which would be a ground for termination of the grantee's employment or directorship under paragraph (n) below arises, the personal representative(s) of the grantee shall be entitled to exercise the Option up to the entitlement of such grantee at the date of death (to the extent exercisable as at the date of his death and not already exercised) within a period of 12 months or such longer period as the Board may determine (but not exceeding the expiry date of the option period) from the date of death, failing which it will lapse.

(n) TERMINATION OF EMPLOYMENT OF A GRANTEE BY REASON OF MISCONDUCT

An Option shall lapse automatically (to the extent not already exercised) on the date on which the grantee ceased to be a Participant by reason of the termination of his or her employment or directorship on the grounds that he or she has been guilty of misconduct, or appears either to be unable to pay or have no reasonable prospect to pay debts, or has become insolvent, or has made any arrangements or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty.

(o) VOLUNTARY WINDING-UP OF THE COMPANY

In the event a notice is given by the Company to its Shareholders to convene a Shareholders' meeting for the purpose of considering, and if thought fit, approving a Resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to all grantees. Each grantee (or his or her legal representative(s)) may by notice in writing to the Company (such notice to be received by the Company not later than 4 trading days prior to the proposed general meeting) exercise the Option (to the extent exercisable as at the date of the notice and not already exercised) either to its full extent or to the extent specified in such notice, and the Company shall as soon as possible and, in any event, no later than the day immediately prior to the date of the proposed Shareholders' meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise. Subject to the above, an Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the expiry of the period referred to above.

(p) RIGHTS ON A GENERAL OFFER OR PARTIAL OFFER

If a general or partial offer whether by way of take-over offer, share re-purchase offer, or scheme of arrangement is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all its reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, *mutatis mutandis*, and assuming that they will become, by the exercise in full of the options granted to them, Shareholders of the Company. If such offer becomes or is declared unconditional, the grantee shall, notwithstanding any other term on which his options were granted, be entitled to exercise the option (to the extent exercisable as at the date on which such offer becomes or is declared to be unconditional and not already exercised) to its full extent or to the extent specified in the grantee's notice to the Company at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under the scheme of arrangement, as the case may be. Subject to the above, an Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the expiry of the period referred to above.

(q) RIGHTS ON A COMPROMISE OR ARRANGEMENT

If a compromise or arrangement between the Company and its Shareholders or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to the grantee on the same date as it despatches the notice which is sent to each Shareholder or creditor of the Company summoning the meeting to consider such a compromise or arrangement, and thereupon the grantee (or his or her personal representative(s)) may until the expiry of the period commencing with such date and ending with the earlier of the date 2 months thereafter and the date on which such compromise or arrangement is sanctioned by the Court provided that the relevant Options are not subject to a term or condition precedent to them being exercisable which has not been fulfilled, exercise any of his or her Options (to the extent exercisable as at the date of the notice and not already exercised) whether in full or in part, but the exercise of an Option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court and becoming effective. Upon such compromise or arrangement becoming effective, all Options shall lapse except insofar as previously exercised under the Scheme.

(r) RANK PARI PASSU

The Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the Articles of Association for the time being in force and will rank *pari passu* with the fully paid Shares in issue as from the date of allotment and in particular will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date thereof is before the date of allotment.

(s) ALTERATION IN CAPITAL STRUCTURE

In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, open offer, consolidation, sub-division, or reduction of share capital of our Company or otherwise howsoever in accordance with legal requirements and requirements of the Stock Exchange, excluding any alteration in the capital structure of the Company as a result of an issue of Shares pursuant to, or in connection with, any share option scheme, share appreciation rights scheme or any arrangement for remunerating or incentivising any employee or consultant to the Company or any employee or consultant to the Group or in the event of any distribution of the Company's legal assets to its Shareholders on a pro rata basis (whether in cash or in specie) other than dividends paid out of the net profits attributable to its Shareholders for each financial year of the Company, such corresponding alterations (if any) shall be made to:

- (i) the number of Shares subject to the Option so far as unexercised; or
- (ii) the subscription price or any combination thereof, as an independent financial adviser or the auditors of the Company shall certify in writing, either generally or as regards any particular grantee, to have, in their opinion, fairly and reasonably satisfied the requirement that any such adjustment shall be in compliance with the relevant provisions of the Listing Rules or such other guidelines or the supplemental guidance as may be issued by the Stock Exchange from time to time, but no such adjustments shall be made to the extent that a Share would be issued at less than its nominal value.

(t) DURATION OF THE SCHEME

The Share Option Scheme will remain valid and effective for a period of 10 years commencing from the date on which the Scheme is adopted, after which period no further Options will be granted but the provisions of the Scheme shall in all other respects remain in full force and effect and Options which are granted during the life of the Scheme may continue to be exercisable in accordance with their terms of issue.

(u) CANCELLATION OF OPTIONS GRANTED

The Board may at any time at its absolute discretion cancel any Option previously granted to, but not exercised by the grantee. Where the Company cancels Options and offers Options to the same grantee, the offer of the grant of such new Options may only be made with available Options to the extent not yet granted (excluding the cancelled Options) within the limit approved by our Shareholders as mentioned in paragraph (f) above. An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the date on which the Option is cancelled by the Board as provided above.

(v) TERMINATION OF THE SCHEME

The Company may by resolution in general meeting or the Board may at any time terminate the operation of the Scheme and in such event no further Options will be offered but in all other respects the provisions of the Scheme in relation to any outstanding Options shall remain in full force and effect.

(w) ALTERATION OF PROVISIONS OF THE SCHEME

The provisions of the Scheme may be altered in any respect by resolution of the Board except that provisions relating to matters set out in Rule 17.03 of the Listing Rules cannot be altered to extend the class of person eligible for the grant of Options or to the advantage of the Participants without the prior approval of our Shareholders in general meeting. Any alterations to the terms and conditions of the Scheme which are of a material nature or any change to the terms of the Options granted must be approved by the Stock Exchange and our Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Scheme. The amended terms and conditions of the Scheme must still comply with the relevant requirements of Chapter 17 of the Listing Rules. Any change to the authority of the Board or scheme administrators in relation to any alteration to the terms of the Scheme must be approved by our Shareholders in general meeting.

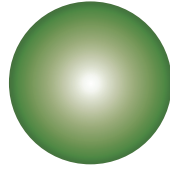
(x) RESTRICTIONS ON THE TIME OF GRANT OF OPTIONS

No offer shall be made after inside information has come to the Company's knowledge until the Company has announced the information and, in particular and subject to the Listing Rules as amended from time to time, the Company shall not make any Offer, during the period commencing one month immediately preceding the earlier of (i) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules) and ending on the date of the results announcement, no Option may be granted.

As at the Latest Practicable Date, there were 6,545,621,131 Shares in issue. Assuming no Shares will be issued or repurchased from the Latest Practicable Date to the date of the SGM on which the Scheme is expected to be adopted by the Shareholders, and subject to the application to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Shares on the Stock Exchange includes the 654,562,113 Shares which may be issued upon the exercise of the Options which may be granted under the Scheme.

The terms of the Scheme are in compliance with Chapter 17 of the Listing Rules.

NOTICE OF SPECIAL GENERAL MEETING



元亨燃氣

YUANHENG GAS

YUAN HENG GAS HOLDINGS LIMITED

元亨燃氣控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 332)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**Meeting**”) of Yuan Heng Gas Holdings Limited (the “**Company**”) will be held at Theatre R4&R5, 10/F., United Centre, 95 Queensway, Hong Kong on Monday, 4 October 2021 at 11:15 a.m. for the purpose of considering and, if thought fit, passing with or without amendments the following, as an ordinary resolution, of the Company:

1. “**THAT** conditional on the Listing Committee of The Stock Exchange of Hong Kong Limited granting the approval of the listing of, and permission to deal in, the shares of the Company (the “**Shares**”) which may fall to be allotted and issued pursuant to the exercise of the options to be granted under the share option scheme (a copy of which is produced to the Meeting marked “**A**” and signed by the Chairman of the Meeting for the purpose of identification) (the “**Scheme**”), the principal terms of it are described in Appendix I to the circular of the Company dated 9 September 2021 (a copy of which is produced to the Meeting marked “**B**” and signed by the Chairman of the Meeting for the purpose of identification), the Scheme be and is hereby approved and adopted by the Company and the board of directors of the Company be and are hereby authorised to administer the Scheme, to grant options and to allot, issue and deal with the Shares pursuant to the exercise of any option granted thereunder and to take such steps and do such acts and to enter into such transactions, arrangements or agreements as may be necessary or expedient in order to implement and give full effect to the Scheme.”

Yours faithfully,

By order of the Board

YUAN HENG GAS HOLDINGS LIMITED

Wang Jianqing

Chairman and Chief Executive Officer

Hong Kong, 9 September 2021

NOTICE OF SPECIAL GENERAL MEETING

Registered Office:
Clarendon House Church Street
Hamilton HM 11
Bermuda

Principal place of business:
Room 4102, 41/F
Far East Finance Centre
16 Harcourt Road
Hong Kong

Notes:

- (1) In view of the ongoing COVID-19 pandemic and with a view to minimize the shareholders' and attendees' risk of infection, the Company will implement the following precautionary measures at the Special General Meeting ("SGM"), (a) compulsory temperature screening/checks and compulsory health declaration; (b) compulsory wearing of surgical face mask prior to admission and throughout the SGM and no mask will be provided at the SGM venue; (c) seat will be assigned at the SGM venue to ensure social distancing; (d) no distribution of corporate gifts; (e) no provision of refreshments or drinks or refreshment packs; and (f) hand sanitizers will be provided at the SGM venue.
- (2) For the health and safety of Shareholders, the Company encourages Shareholders to exercise their right to vote at the SGM by appointing the Chairman of the SGM as their proxy and to return their proxy forms by the time specified herein, or through HKSCC Nominees Limited by giving instructions to their brokers and custodians, instead of attending the SGM in person.
- (3) The Company will keep the evolving COVID-19 situation under review and may implement additional measures which it will announce closer to the date of the SGM (if any).
- (4) Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him.
- (5) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the fact.
- (6) In the case of joint holders of a share if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.
- (7) In order to be valid, the instrument appointing a proxy and (if required by the Board) the power of attorney or their authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or adjourned meeting. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (8) A member may appoint a proxy in respect of part only of his holding of shares in the Company. A proxy need not be a member. In addition, a proxy or proxies representing either a member who is an individual, or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.

NOTICE OF SPECIAL GENERAL MEETING

- (9) Completion and return of a form of proxy will not preclude a member from attending in person and voting at the above meeting or any adjournment thereof, should he so wish.
- (10) Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the shareholders at a general meeting must be taken by poll. Therefore, the Chairman of the meeting will demand that all resolutions will be voted by way of poll at the meeting.
- (11) The register of Members of the Company will be closed from Tuesday, 28 September 2021 to Monday, 4 October 2021 (both days inclusive) in order to determine the shareholders' entitlements to attend and vote at the SGM, during which no transfer of Shares will be registered. In order to qualify for attending and voting at the SGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Share Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 27 September 2021.
- (12) The SGM will be held on 4 October 2021 as scheduled regardless of whether or not an amber or red rainstorm warning signal is in force in Hong Kong at any time on that day. However, if Typhoon Signal No. 8 or above, or a "black" rainstorm warning is in effect at any time after 9:30 a.m. and before the above meeting time, the SGM will be postponed. The Company will post an announcement at the HKExnews website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.yuanhenggas.com to notify shareholders of the date, time and place of the rescheduled meeting.