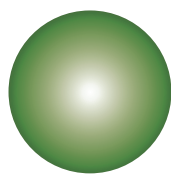


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元亨燃氣
YUANHENG GAS

YUAN HENG GAS HOLDINGS LIMITED

元亨燃氣控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 332)

INSIDE INFORMATION

This announcement is made by Yuan Heng Gas Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (“**SFO**”).

The board (the “**Board**”) of directors of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors the circumstances set out below in relation to Guizhou Huaheng Energy Investments Co., Ltd* (“**Huaheng Energy**”), a company established under the laws of the People’s Republic of China (the “**PRC**”) and an indirectly non-wholly owned subsidiary of the Company, based on which the Company believes that it is no longer appropriate to consolidate the results of Huaheng Energy when preparing the consolidated financial statements of the Group.

Background of Huaheng Energy

Huaheng Energy was established in June 2011 and had been held as to 49%, 1% and 50% directly by Guangzhou Yuanheng Gas Co., Limited* (“**Guangzhou Yuanheng**”), Dazhou Huixin Energy Co., Ltd.* (“**Dazhou Huixin**”), and Guizhou Gas Group Corporation Ltd.* (“**Guizhou Gas**”) respectively. Dazhou Huixin is owned by Guangzhou Yuanheng as to 69%, and is an indirectly non-wholly owned subsidiary of Guangzhou Yuanheng. The purpose of establishing Huaheng Energy was to utilize it to carry out the supply and sale of LNG and piped natural gas in the Renhuai Winery Region of Guizhou Province, the PRC.

Guizhou Gas and Guangzhou Yuanheng have agreed that they would have their respective rights and obligations in relation to Huaheng Energy according to their respective shareholdings, and also committed that control of Huaheng Energy at board and shareholders’ meetings would rest with Guangzhou Yuanheng.

Since completion of the acquisition of the Guangzhou Yuanheng group of companies comprising Guangzhou Yuanheng, Dazhou Huixin and Huaheng Energy in May 2014, Guangzhou Yuanheng has become a wholly owned subsidiary, and Dazhou Huixin and Huaheng Energy have become non-wholly owned subsidiaries of the Company. Huaheng Energy has been the principal subsidiary of the Company through which the Company has carried out its businesses under the piped gas segment.

PRC Legal Action against Guizhou Gas

As disclosed in the Company's announcement dated 28 June 2023, and the Company's annual reports for the year ended 31 March 2023 and 31 March 2024, Guizhou Gas (Group) Renhuai City Gas Co., Ltd.*, a wholly-owned subsidiary of Guizhou Gas, has become responsible for the supply and sale of piped natural gas to wine distiller users. The arrangement has led to differences in views between the Group and Guizhou Gas on matters related to the quantity of piped gas supplied through pipes of Huaheng Energy to the users and its related settlement amounts, with the Group (via Guangzhou Yuanheng as plaintiff) initiating legal action in late June 2024 in an intermediate court in Guizhou Province, the PRC, against Guizhou Gas, its subsidiary and related officers designated by Guizhou Gas ("**PRC Legal Action**").

Following the PRC Legal Action, Guizhou Gas has tightened information disclosure of Huaheng Energy. Up to the date of this announcement, the Group has not been provided with Huaheng Energy's financial information and interim report for FY2025. Despite the Group having sent its request in writing in August 2024 and having made numerous follow-up actions, Huaheng Energy has not provided the Group with the relevant information on the quantity of piped gas supplied through pipes of Huaheng Energy to the users and the related settlement amounts.

Deconsolidation of Huaheng Energy

The Board, after having regard to the circumstances and the increasingly strained working relationship despite prior commitments in connection with the above, concludes that the Group has lost control over Huaheng Energy from an accounting perspective and it is no longer appropriate to account for Huaheng Energy as a subsidiary of the Company. The Group will derecognize the assets and liabilities as well as the non-controlling interests in Huaheng Energy at their carrying amounts at the date when the control is lost, and account for Huaheng Energy's retained interest as a financial asset at fair value through profit or loss when the control is lost. As Guangzhou Yuanheng has issued financial guarantees to the banks for loan borrowings obtained by Huaheng Energy which have defaulted, the Group will account for the liabilities as financial guarantee contract liabilities in the consolidated statement of financial position. As the results of Huaheng Energy form a separate operating segment of piped gas, the piped gas business will be classified as a discontinued operation.

The Company, having regard to the above and on the basis of the currently available information including unaudited management accounting information, estimates that the Company is likely to recognize an unaudited loss from discontinued operation in the Group's consolidated statement of profit or loss of approximately RMB47 million resulting from an one-off gain from deconsolidation of Huaheng Energy of approximately RMB51 million net off with a loss derived from the recognition of financial guarantee contract liabilities of approximately RMB98 million.

As a matter of clarification, the above accounting treatments in relation to the loss of control over Huaheng Energy will not jeopardise the Group's legal interests in Huaheng Energy. The Group is making its best efforts to protect Guangzhou Yuanheng's legitimate interests in Huaheng Energy and will make further disclosures in relation to the PRC Legal Action as and when appropriate.

On behalf of the Board
Yuan Heng Gas Holdings Limited
Wang Jianqing
Chairman and Chief Executive Officer

Hong Kong, 18 November 2024

As at the date of this announcement, the executive Directors are Mr. Wang Jianqing and Mr. Bao Jun; and the Independent non-executive Directors are Dr. Leung Hoi Ming, Mr. Wong Chi Keung and Mr. Wong Siu Hung Patrick.

* *For identification only*