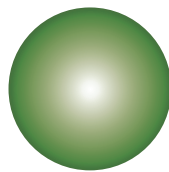


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元亨燃氣
YUANHENG GAS

YUAN HENG GAS HOLDINGS LIMITED

元亨燃氣控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 332)

REVISION OF ANNUAL CAP FOR CONTINUING CONNECTED TRANSACTION REGARDING LNG SUPPLY AGREEMENT

Reference is made to the Announcement in relation to the continuing connected transaction of the Group under the LNG Supply Agreement.

In January 2023, Yuanheng Gas entered into the LNG Supply Agreement in respect of the on-going sale and purchase of LNG with GG Natural Gas for the one-year period up to 31 December 2023. The Board has approved with an annual cap of RMB60 million for the LNG Supply Agreement. As the actual total transaction amount is expect to exceed RMB60 million before the end of December 2023, to ensure the continue supply of LNG to GG Natural Gas, on 14 December 2023, the Board approved to revise the annual cap upwards to RMB150 million for the remaining period of 2023.

As the LNG Supply Agreement was entered into between an indirect wholly owned subsidiary of the Company (namely Yuanheng Gas) and a connected person of the Company at the subsidiary level only (namely GG Natural Gas) and were on normal commercial terms or better, the Revision is therefore only required to comply with the reporting and announcement requirements but are exempted from the circular, (including independent financial advice) and independent shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

The Directors (including the independent non-executive Directors) have confirmed and considered that the transactions contemplated under the LNG Supply Agreement have been subject to arm's length negotiation between Yuanheng Gas and GG Natural Gas, and have been entered into by Yuanheng Gas in the ordinary and usual course of business and on normal commercial terms or better and which are no less favourable to the Group than those available to or from Independent Third Parties and are of the view that the terms and the transactions contemplated under the LNG Supply Agreement and the Revision are fair and reasonable, are on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole.

INTRODUCTION

Reference is made to the Announcement in relation to the continuing connected transaction of the Group under the LNG Supply Agreement.

The principal terms of the LNG Supply Agreement and details of the Revision are summarized as follows.

PRINCIPAL TERMS OF THE LNG SUPPLY AGREEMENT

Save and except for the Revision, the principal terms and conditions of the LNG Supply Agreement and the transaction contemplated thereunder remain unchanged which has been announced previously in the Announcement and are reproduced as follows:

Date: 13 January 2023

Parties: (1) Yuanheng Gas, as seller
(2) GG Natural Gas, as purchaser

Term: One year from 1 January 2023 to 31 December 2023

Subject matter: Yuanheng Gas has agreed to sell and GG Natural Gas has agreed to purchase LNG subject the terms and conditions contained in the LNG Supply Agreement.

Pricing basis: The price shall be agreed by the parties based on the prevailing average market price of LNG in the PRC.

The parties have continuously been utilizing the national direct reporting site for commodity prices of the Department of Price of 國家發展與改革委員會 (National Development and Reform Commission of the PRC) (“**NDRC**”) operated by Sublime China Information Co., Limited (commonly known as SCI) (an Independent Third Party) for nationwide natural gas market price for pricing purposes and other relevant market data.

Payment term: Actual price of the LNG payable shall be determined and settled monthly between GG Natural Gas and Yuanheng Gas upon verification by both parties. GG Natural Gas shall pay Yuanheng Gas after Yuanheng Gas tenders the VAT invoices to GG Natural Gas.

REASONS FOR AND BENEFITS OF THE REVISION

The Group and GG Group have been transacting numerous natural gas products and services since 2014 and have entered into various framework agreements, purchase agreements and/or services agreements in relation to the purchase or sale of various natural gas products or services between members of the Group and members of GG Group and are expected to continue.

In January 2023, Yuanheng Gas entered into the LNG Supply Agreement in respect of the on-going sale and purchase of LNG with GG Natural Gas for the one-year period up to 31 December 2023. The Board has approved an annual cap of RMB60 million for the LNG Supply Agreement. As the actual transaction amount has been closed to RMB60 million and is expect to exceed RMB60 million before the end of December 2023, to ensure the continuous supply of LNG to GG Natural Gas, on 14 December 2023, the Board approved to revise the annual cap upwards to RMB150 million for the remaining period of 2023. The Revision is necessary to reflect the expected increase in demand of LNG as informed by GG Natural Gas and as a result the original annual cap would not be sufficient to enable the Group to continue to sell LNG to GG Natural Gas for the remaining weeks of 2023.

The Board believes that the Revision will help the Group to maintain and continue to develop the long-term relationship with the GG Natural Gas, especially when GG Natural Gas is a member of GG Group, is a leading natural gas player in the industry.

BOARD CONFIRMATION

The Directors (including the independent non-executive Directors) have confirmed and considered that the transactions contemplated under the LNG Supply Agreement have been subject to arm's length negotiation between Yuanheng Gas and GG Natural Gas, and have been entered into by Yuanheng Gas in the ordinary and usual course of business and on normal commercial terms or better and which are no less favourable to the Group than those available to or from Independent Third Parties and are of the view that the terms and the transactions contemplated under the LNG Supply Agreement and the Revision are fair and reasonable, are on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole.

Since no Director is considered to have material interest in the LNG Supply Agreement and the transactions contemplated thereunder, no Director have abstained from voting on the resolutions passed at the Board meeting held on 14 December 2023 to approve the Revision for the LNG Supply Agreement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Guizhou Gas holds 50% interests in Huaheng Energy, where the Company indirectly holds the remaining 50% interests in. Guizhou Gas, by virtue of its shareholding in Huaheng Energy is a connected person of the Company.

As GG Natural Gas is a subsidiary of Guizhou Gas, GG Natural Gas is therefore a connected person of the Company and the transaction contemplated under the LNG Supply Agreement constitute a continuing connected transaction under Chapter 14A of the Listing Rules.

As the LNG Supply Agreement is entered into, between an indirect wholly owned subsidiary of the Company (namely Yuanheng Gas) and a connected person of the Company at the subsidiary level only (namely GG Natural Gas), and are on normal commercial terms or better, the Revision is therefore only required to comply with the reporting and announcement requirements but are exempted from the circular, (including independent financial advice) and independent shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Announcement”	the announcement of the Company in relation to, inter alia, the continuing connected transaction of the Group under the LNG Supply Agreement dated 13 January 2023
“Board”	the board of Directors
“Company”	Yuan Heng Gas Holdings Limited, a company incorporated in Bermuda with limited liability, its issued Shares are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it under Chapter 14A of the Listing Rules
“Director(s)”	director(s) of the Company
“GG Group”	collectively, Guizhou Gas and its subsidiaries
“GG Natural Gas”	貴州省天然氣有限公司 (Guizhou Province Natural Gas Co., Ltd.*), a company established under the laws of the PRC and is a wholly-owned subsidiary of Guizhou Gas
“Group”	the Company and its subsidiaries
“Guizhou Gas”	貴州燃氣集團股份有限公司 (Guizhou Gas Group Corporation Ltd*), formerly known as 貴州燃氣(集團)有限責任公司 (Guizhou Gas (Group) Co., Ltd*), a company established under the laws of the PRC and its shares are listed on the Shanghai Stock Exchange
“Huaheng Energy”	貴州華亨能源投資有限公司 (Guizhou Huaheng Energy Investment Co., Ltd*), a company established under the laws of the PRC and an indirectly non-wholly owned subsidiary of the Company
“Independent Third Party”	to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, a third party independent of the Company and connected persons of the Company

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LNG”	liquefied natural gas
“LNG Supply Agreement”	the agreement dated 13 January 2023 and entered into between Yuanheng Gas and GG Natural Gas regarding the supply of LNG by Yuanheng Gas to GG Natural Gas
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Revision”	the revision of the annual cap for the purpose of the LNG Supply Agreement for the year ending 31 December 2023
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	Shares of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yuanheng Gas”	廣州元亨燃氣有限公司 (Guangzhou Yuanheng Gas Co., Limited*), a wholly foreign-owned enterprise established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

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

Hong Kong, 14 December 2023

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, Mr. Tom Xie and Mr. Wong Siu Hung Patrick.

* *English translation of the Chinese names are for illustration purposes only.*