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中裕燃氣控股有限公司

ZHONGYU GAS HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 3633)

DISCLOSEABLE TRANSACTION

THE SALE AND PURCHASE AGREEMENT

On 8 December 2015, Zhongyu Beijing (a wholly-owned subsidiary of the Company) and the Vendor entered into the Sale and Purchase Agreement pursuant to which Zhongyu Beijing conditionally agreed to acquire further interests in Harmony Gas held by the Vendor at the consideration of US\$78,722,395 which shall be satisfied by cash at the Completion Date. The parties also entered into the Shareholders Agreement.

Zhongyu Beijing is an existing 50% shareholder of Harmony Gas so the purchase of the Sale Shares will, on completion of the Sale and Purchase Agreement, increase Zhongyu Beijing's shareholding to 88.7% of Harmony Gas. Completion is expected to take place on a date parties will agree but, absent agreement, shall take place no later than 14 July 2017. Even though completion of the Sale and Purchase Agreement will not take place in the year ending 31 December 2015, as a result of the terms of the Shareholders Agreement, the Company will be able to consolidate the results of Harmony Gas and its subsidiaries for the year ending 31 December 2015.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition are above 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE SALE AND PURCHASE AGREEMENT

Set out below are the major terms of the Sale and Purchase Agreement.

Date

8 December 2015

Parties

- (i) Zhongyu Beijing as buyer; and
- (ii) the Vendor as vendor.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, Zhongyu Beijing conditionally agreed to buy, and the Vendor conditionally agreed to sell, the Sale Shares, representing 38.7% of the issued share capital of Harmony Gas. As at the date of this announcement, Harmony Gas is owned as to 50% by Zhongyu Beijing, 38.7% by the Vendor and 11.3% by Eloten.

Consideration

Pursuant to the Sale and Purchase Agreement, the consideration shall be US\$78,722,395 to be satisfied by cash at the Completion Date.

The consideration was determined after arm's length negotiations between Zhongyu Beijing and the Vendor, having regard to a negotiated premium to the Vendor's cost of investment in Harmony Gas.

Completion

Subject to (i) all necessary consents from third parties (including governmental or official or regulatory authorities) in respect of the transactions contemplated under the Sale and Purchase Agreement having been obtained; and (ii) Zhongyu Beijing's and Vendor's compliance with certain representations, warranties and undertakings under the Sale and Purchase Agreement, completion of the Sale and Purchase Agreement shall take place on such date as agreed between the parties thereof or if no such date is agreed, on 14 July 2017.

THE SHAREHOLDERS AGREEMENT

On 8 December 2015, Harmony Gas, Zhongyu Beijing and the Vendor entered into the Shareholders Agreement to amend and restate, as between Zhongyu Beijing and the Vendor, the Original Shareholders Agreement to the effect that:–

- (a) the Vendor shall not transfer any shares in Harmony Gas or any right, title or interest therein or thereto on or prior to the Completion Date without the prior written consent of Zhongyu Beijing;
- (b) Zhongyu Beijing shall be entitled to appoint a majority of the members on the board of directors of Harmony Gas;
- (c) if Zhongyu Beijing proposed to sell all of its shares in Harmony Gas, it would only do so if, on or before the completion of such transfer, it completes the Sale and Purchase Agreement; and
- (d) if the Sale and Purchase Agreement does not complete in accordance with its terms (or such terms as agreed between the parties thereto), each of Zhongyu Beijing's and the Vendor's rights and obligations under the Original Shareholders Agreement are reinstated with immediate effect after the Sale and Purchase Agreement does not so complete.

INFORMATION ON THE GROUP AND HARMONY GAS

The Company and Zhongyu Beijing

The Company and its subsidiaries are principally engaged in (i) the investment, operation and management of city gas pipeline infrastructure and the distribution of piped gas to residential, industrial and commercial users; and (ii) the construction and operation of compressed natural gas or liquefied natural gas filling stations for vehicles in the PRC.

Zhongyu Beijing is a company incorporated under the laws of the British Virgin Islands. As at the date of this Announcement, Zhongyu Beijing is a wholly-owned subsidiary of the Company.

Harmony Gas

Harmony Gas is an investment holding company incorporated under the laws of the Cayman Islands as an exempted company with limited liability. Upon completion of subscription of shares of Harmony Gas in November 2014, the Company, through Zhongyu Beijing, owned 50% of the issued share capital of Harmony Gas. As at the date of this announcement, Harmony Gas is owned as to 50%, 38.7% and 11.3% by Zhongyu Beijing, the Vendor and Eloten respectively. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are third parties independent of the Company and its connected persons. Harmony Gas is the holding company which ultimately owns subsidiaries in the PRC with natural gas operations as more specifically described below.

Harmony Gas is accounted for as a joint venture and its results were equity accounted for in the consolidated financial statements of the Company since 25 November 2014. Harmony Gas acquired Sino Gas International Holdings, Inc. and its subsidiaries on 26 November 2014. The principal business attributable to Harmony Gas is effectively that of Sino Gas International Holdings, Inc. and its subsidiaries and such business is described in more detail below under the heading “Reasons for and Benefits of the Acquisition”.

Certain clauses as set out in the Shareholders Agreement have been amended and restated to enable the Company to control the financial and operating policies of Harmony Gas. The Company expects to consolidate the results of Harmony Gas and its subsidiaries from mid December 2015, the date when Harmony Gas becomes a subsidiary of the Company. Consequently, the financial impact as a result from consolidating Harmony Gas and its subsidiaries would not be material to the Company as a whole till the financial year commencing from 1 January 2016.

The audited consolidated net losses (both before and after taxation) of Harmony Gas and its subsidiaries under the Hong Kong Financial Reporting Standards for the financial period commencing from its date of incorporation on 3 December 2013 and ended 31 December 2014 are as follows:

For the period ended 31 December 2014

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|----------------------------|--------------------------------------|
| Net loss (before taxation) | RMB34,357,000 (about HK\$41,640,000) |
| Net loss (after taxation) | RMB37,485,000 (about HK\$45,431,000) |

INFORMATION ON THE VENDOR

The Vendor is an investment holding company incorporated under the laws of the Cayman Islands as an exempted company with limited liability and is controlled by North Haven Private Equity Asia IV, L.P. (“North Haven LP”), a fund managed by the private equity arm of Morgan Stanley. The general partner of North Haven LP is Morgan Stanley Private Equity Asia IV, L.L.C, the managing member of which is Morgan Stanley Private Equity Asia IV, Inc., a subsidiary of Morgan Stanley. As at the date of this announcement, the Vendor owns 38.7% of the issued shares of Harmony Gas.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As a result of the Shareholders Agreement, Harmony Gas will become a subsidiary of the Company in the financial year ending 31 December 2015. Harmony Gas and its subsidiaries own and operate distribution systems in small and medium size cities in the PRC serving approximately 406,756 residential, 43 industrial and 882 commercial customers as at 30 June 2015. There are 22 gas projects operated by Harmony Gas, including 15 gas projects in Hebei Province, 3 gas projects in Jiangsu Province, 2 gas projects in Jilin Province and 2 gas projects in Anhui Province. The facilities of Harmony Gas and its subsidiaries include approximately 2,824 kilometers of pipeline and delivery networks (including delivery trucks). Through Harmony Gas and its subsidiaries, the Group has expanded its geographical coverage to areas including Jiangsu, Hebei Province and Beijing. The three

areas ranked the second, sixth and thirteenth districts of GDP growth in the PRC for 2014, and were the fifth, sixth and twelfth most populated districts in the PRC in 2013, respectively. Since their investment in Harmony Gas in 2014, the Company has grown steadily and the Directors believe that Harmony Gas and its subsidiaries will become a strong growth driver of the Group in the future.

The terms of the Sale and Purchase Agreement have been agreed upon arm's length negotiations between the parties thereto. The Directors (including the independent non-executive Directors) are of the view that the terms of the Sale and Purchase Agreement are on normal commercial terms, fair and reasonable and in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition are above 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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| “Acquisition” | the acquisition of Sale Shares by Zhongyu Beijing pursuant to the Sale and Purchase Agreement; |
| “Board” | board of directors of the Company; |
| “Completion Date” | such date as agreed between the parties pursuant to the Sale and Purchase Agreement for Completion and, absent agreement, shall be on 14 July 2017; |
| “Directors” | the directors of the Company; |
| “Eloten” | Eloten Group Ltd., a BVI business company incorporated under the laws of the British Virgin Islands and wholly-owned by Mr. Liu. As at the date of this announcement, Eloten owns 11.3% of the shares in Harmony Gas; |
| “Group” | the Company and its subsidiaries; |
| “Harmony Gas” | Harmony Gas Holdings Limited, a company incorporated under the laws of the Cayman Islands as an exempted company with limited liability; |
| “Listing Rules” | The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; |

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|-----------------------------------|---|
| “Mr. Liu” | Mr. Yuchuan Liu, the director of Harmony Gas and a beneficial owner of 11.3% of the issued share capital of Harmony Gas as at the date of this announcement; |
| “Original Shareholders Agreement” | the shareholders agreement dated November 26, 2014 entered into between Zhongyu Beijing, Harmony Gas, the Vendor, Mr. Liu and Eloten; |
| “PRC” | The People’s Republic of China; |
| “Sale and Purchase Agreement” | the sale and purchase agreement dated 8 December 2015 entered into between Zhongyu Beijing and the Vendor in relation to the Acquisition; |
| “Sale Shares” | 30,277,844 shares in Harmony Gas held by the Vendor, representing 38.7% of all of the shares of Harmony Gas as at the date of this announcement; |
| “Shareholder(s)” | holder(s) of share(s) of the Company; |
| “Shareholders Agreement” | the first amended and restated shareholders agreement dated 8 December 2015 entered into between Harmony Gas, Zhongyu Beijing and the Vendor to amend and restate, as between Zhongyu Beijing and the Vendor, the Original Shareholders Agreement in its entirety; |
| “US” | United States of America; |
| “US\$” | United States dollars, the lawful currency of the US; |
| “Vendor” | North Haven Private Equity Asia Gas Holdings Limited (previously known as “MSPEA Gas Holding Limited”), a company incorporated under the laws of the Cayman Islands as an exempted company with limited liability and is the owner of 38.7% of the issued share capital of Harmony Gas as at the date of this announcement; and |

“Zhongyu Beijing”

Zhongyu Gas Investment (Beijing) Limited, a business company incorporated under the laws of the British Virgin Islands which is wholly-owned by the Company and is the owner of 50% of the issued share capital of Harmony Gas as at the date of this announcement.

By order of the Board
Zhongyu Gas Holdings Limited
Wang Wenliang
Chairman

Hong Kong, 8 December 2015

As at the date of this announcement, the executive Directors of the Company are Mr. Wang Wenliang (Chairman), Mr. Peng Wei (Joint Managing Director), Mr. Lui Siu Keung (Joint Managing Director) and Mr. Lu Zhaocheng, the non-executive Director is Mr. Xu Yongxuan (Vice Chairman) and the independent non-executive Directors are Mr. Li Chunyan, Dr. Luo Yongtai and Mr. Hung, Randy King Kuen.