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CHINA GAS HOLDINGS LIMITED

中國燃氣控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 384)

VOLUNTARY ANNOUNCEMENT

INDIRECT ACQUISITION OF 49% EQUITY INTERESTS IN BEIJING HUAYOU UNITED GAS DEVELOPMENT CO., LTD.*

This is a voluntary announcement made by China Gas Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”).

The board of directors (the “**Board**”) of the Company is pleased to announce that, on 30 April 2021, the Company, through its wholly-owned subsidiary Fun Track Worldwide Inc., entered into a share sale and purchase agreement with CAGR Gas (Hong Kong) Limited (the “**Seller**”), pursuant to which, the Group has conditionally agreed to acquire 100% of the issued share capital of two companies, Lofty Intellect Limited and Nova Gas Limited (the “**Target Companies**”), from the Seller for a total cash consideration of RMB483,660,000 (equivalent to approximately HK\$580,624,250). Upon completion of the acquisition, the Company will indirectly hold 49% equity interests in Beijing Huayou United Gas Development Co., Ltd.* (北京華油聯合燃氣開發有限公司) (“**Beijing Huayou**”) through the acquisition of the Target Companies. 51% equity interests of Beijing Huayou is currently held by PetroChina Kunlun Gas Co., Ltd.*.

BEIJING HUAYOU

The principal businesses of Beijing Huayou include the investment and operation of city piped natural gas, natural gas refilling stations and trading of liquefied natural gas. The natural gas projects are located in Majuqiao Town, Tongzhou District (operating regions include Beijing Economic and Technological Development Zone, part of Daxing District, as well as Majuqiao Town in Tongzhou District), Mentougou District (operating regions include the urban area of Mentougou District and Tanzhe Temple Town), Changping District and Shijingshan District in Beijing, Qihe County in Shandong Province and Suizhong County in Liaoning Province.

Beijing Huayou has built 8 natural gas processing stations, 6 compressed mother stations and standard refueling stations, a high-pressure pipeline network of 43 km, a sub-high pressure pipeline network of 95 km and a medium-pressure pipeline network of 583 km.

Based on the information available to the Company, in 2020, the annual gas sales volume of Beijing Huayou and its subsidiaries amounted to 630 million m³, and the annual net profit attributable to the owners of the company amounted to RMB140 million (equivalent to approximately HK\$168 million).

The piped natural gas projects owned by Beijing Huayou have sufficient gas resources. In particular, there is considerable demand for natural gas and much room for development of value-added services and strong profitability in Beijing's districts with better economic conditions. As for the Qihe County piped gas project in Shandong Province and the Suizhong County piped gas project in Liaoning Province, the industries in these regions are relatively well-developed, bringing potential huge demand for natural gas.

BUSINESSES OF THE GROUP

The Group is primarily engaged in the investment, construction and operation of city and township gas pipeline infrastructure facilities, gas terminals, storage and transportation facilities and gas logistics systems, transmission of natural gas and liquefied petroleum gas to residential, industrial and commercial customers, construction and operation of compressed natural gas / liquefied natural gas refilling stations as well as development and application of technologies relating to natural gas and liquefied petroleum gas in China.

REASONS AND THE BENEFITS OF THE ACQUISITION

The Group is of the view that the acquisition will be beneficial for the Group to expand its city gas project network in Beijing and Shandong Province and further expedite the Group's expansion and consolidation in natural gas market in China. The Group believes that, with China's development concept of accelerating the clean energy development, the growth of the entire natural gas industry will be promoted in the future. The apparent development trend in the standardization, digitalization, intellectualization and energy diversification in the natural gas industry will create opportunities for the Group to further consolidate resources and gas market, thus achieving greater corporate and social benefits, as well as creating greater value for shareholders.

The completion of the above acquisition is conditional upon the fulfillment of certain conditions precedent. Shareholders and potential investors are advised to exercise caution in dealing in the shares and other securities of the Company.

By the order of the Board
China Gas Holdings Limited
LIU Ming Hui
Chairman, Managing Director and President

Hong Kong, 2 May 2021

As at the date of this announcement, Mr. LIU Ming Hui, Mr. HUANG Yong, Mr. ZHU Weiwei, Ms. LI Ching and Ms. LIU Chang are the executive directors of the Company, Mr. LIU Mingxing, Mr. JIANG Xinhao and Mr. Mahesh Vishwanathan IYER are the non-executive directors of the Company and Mr. ZHAO Yuhua, Dr. MAO Erwan, Ms. CHEN Yanyan and Mr. ZHANG Ling are the independent non-executive directors of the Company.

* *For identification purpose only*