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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)

ANNOUNCEMENT OF THE INVESTIGATION RESULTS OF THE INCIDENT IN SHIYAN CITY, HUBEI PROVINCE

Reference is made to the announcement of China Gas Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 16 June 2021 in relation to the gas explosion incident occurred in an area in Shiyan City, Hubei Province on 13 June 2021 (the “**Incident**”).

The board of directors of the Company (the “**Board**”) hereby provides the shareholders of the Company and potential investors with the development and investigation results of the Incident.

THE DEVELOPMENT AND INVESTIGATION RESULTS OF THE INCIDENT

A gas explosion incident occurred at the Yanhu Community Fair in Zhangwan District of Shiyan City, Hubei Province at 6:42 a.m. on 13 June 2021. Shiyan Dongfeng Zhongran City Gas Development Co., Ltd.* (十堰東風中燃城市燃氣發展有限公司) (the “**Project Company**”), a non-wholly owned subsidiary of the Company, is a piped gas supplier for the area. The operation right for piped gas in that area was originally owned by a gas company under Dongfeng Motor Corporation (“**Dongfeng Motor**”). On 22 December 2015, Dongfeng Motor contributed the gas pipeline network and related facilities as capital and a subsidiary of the Company contributed cash to jointly establish the Project Company.

The Group is deeply regretful for the serious casualties caused by the Incident, and would like to express our sincere condolences and apologies to the casualties and their families.

After the Incident, the Group has promptly established an emergency response leading group, with Mr. Liu Ming Hui (“**Mr. Liu**”), the Chairman of the Board of Directors and President of the Company, as the emergency command team leader, and Mr. Huang Yong (“**Mr. Huang**”), an executive director and the Executive President, as the deputy team leader. Mr. Liu, Mr. Huang and the senior management of the Group hurried to the site of the Incident overnight, and quickly redeployed nearly 1,000 different

technical backbones, experts and supporting staff from the headquarters, regional operation and management centres and project companies of the Group, and deployed all kinds of equipment and materials to assist and guide the Project Company to cooperate with the local government, so as to carry out emergency salvage, rescue, and aftermath work. At the same time, the Group also actively cooperated with the relevant PRC government authorities to conduct relevant analysis and investigations.

On 23 July 2021, the Hubei Provincial Government released the investigation results of the Incident: the direct cause of the Incident was the severe corrosion and rupture of the natural gas medium pressure steel pipes. The leaked natural gas gathered in the confined space in the river channel underneath the buildings, and caused an explosion when coming into contact with the spark in fume exhaust pipe of catering outlets. The Incident also exposed problems such as pitfalls caused by illegal construction, long-term failure to investigate and rectify pitfalls, chaotic property management, and improper on-site emergency response. The Incident was a material production safety liability incident.

The investigation determined that the Project Company is directly responsible for the Incident, and that a total of 11 related persons of the Project Company, including its key managers, were suspected of committing a crime, and the judicial authority has taken criminal compulsory measures. The Company and the Project Company, CR Land (Wuhan) Property Management Co., Ltd.* (華潤置地(武漢)物業管理有限公司) and its affiliated Runlian Property (潤聯物業), Dongfeng Motor and its former affiliated Dongfeng Gas Company are responsible for the Incident. The Group accepted the investigation and handling results of the Hubei Provincial Government, and will pursue administrative responsibility against the responsible employees of the Group involved in the Incident in accordance with the regulations.

To express the deep condolence on the Incident, all directors of the Company will give up a total amount of HK\$22,500,000 from their remuneration. The Group will apply this amount to the consolation of the casualties and their families, as well as for the aftermath work. In addition, China Gas Charity Foundation Limited (of which the Company acts as one of the main contributors) resolved to donate HK\$10,000,000 to the casualties and their families.

At present, the overall production and operation of the Project Company has generally resumed. The Incident did not have a material and adverse impact on the overall operations and financial conditions of the Group.

Having learnt a profound and painful lesson from the Incident, the Group has declared 13 June as the Safety Production Warning Day of the Group to alert all employees, and will take measures to continuously improve the safety management level of the Group with a view to preventing the recurrence of material safety incidents.

Shareholders and potential investors shall exercise caution when dealing in the securities of the Company.

By the order of the Board
China Gas Holdings Limited
LIU Ming Hui

Chairman, Managing Director and President

Hong Kong, 25 July 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*