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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

ENTERING INTO STRATEGIC COOPERATION AGREEMENT WITH BEIJING BAIDU NETCOM SCIENCE AND TECHNOLOGY 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 the Company and Beijing Baidu Netcom Science and Technology Co., Ltd.* (“**Baidu**”) have entered into a strategic cooperation agreement (the “**Strategic Cooperation Agreement**”) on 17 September 2021.

Based on the principle of “voluntariness and equality, complementary advantages, mutual benefits and win-win cooperation”, both parties will carry out comprehensive cooperation in various aspects, including construction and operation of smart city, digital asset utilization and digital transformation, digitalization of new energy businesses such as photovoltaic green energy and hydrogen energy utilization, smart cloud, map and artificial intelligence, smart customer service and marketing, dual-carbon strategy and development of financial technology products.

Pursuant to the Strategic Cooperation Agreement, the Company and Baidu have agreed to cooperate in the following aspects:

1. JOINTLY ESTABLISHING THE CHINA GAS DIGITALIZATION TECHNOLOGY COMMITTEE TO LEAD THE DIGITAL CONSTRUCTION OF THE INDUSTRY

Experts from Baidu and the Company will establish the “China Gas Digitalization Technology Committee” for the purpose of guiding the digital construction of the Company and introducing our experience and norms developed in the course of digital construction and transformation into industry standards, such that we are able to take the lead in the digital construction of the industry.

2. PROMOTING THE DIGITAL TRANSFORMATION OF THE COMPANY AND BUILDING THE COMPANY'S HIGH QUALITY DIGITAL MANAGEMENT SYSTEM

Under the guidance of the “China Gas Digitalization Technology Committee”, Baidu will engage in the development of the projects in respect of the digital construction of the Company and fully assist the Group in developing an intelligent data application system through big data and artificial intelligence platforms by which digital assets can be gathered, and revenue can be increased through digitalization and digital products.

Proposed collaboration between both parties includes, but not limited to, the aspects of the construction of a proprietary cloud-based asset heterogeneous system, business operation management platform, intelligent integrated energy management platform, Artificial Intelligence of Things (AIoT), national gas map, dangerous transportation management and deployment, traffic and supply chain services, emergency response and their applications.

3. EXPANDING MARKET FOR “ONE CITY, ONE NETWORK” WITH COMPREHENSIVE SOLUTIONS THAT MAKE USE OF PRODUCTS FROM THE INDUSTRY AND COMPLEMENTARY ADVANTAGES

Both parties will introduce Baidu and business segments such as photovoltaic green energy, building-integrated photovoltaics, intelligent power distribution network, electricity sale, intelligent power operation and maintenance, intelligent energy storage, green transportation and hydrogen energy applications, which are associated with the Company's new energy businesses, into smart city and industrial internet solutions, such that solutions that outperform any previous information system integration model can be developed. As such, the Company can fully explore the value of artificial intelligence and propel the growth of the existing core businesses of the Company.

Common and industrial products developed in the process of digital transformation and construction of the Company, such as AIoT, inspection robots, intelligent power and industrial applications, will be applied to the largest extent in “One City, One Network” and other external businesses of Baidu.

By virtue of the above jointly developed solutions and products, both parties will act jointly in the market and develop the “One City, One Network” business in places such as Jiaxing, Xiangyang, Nanning and Wuhu on a pilot basis, before gradually expanding the business across the country.

4. EXPANDING ECOLOGICAL PARTNERSHIPS AND OPENING UP THE BUSINESS CYCLES OF “HOME”, “VEHICLE”, “ROAD” AND “PARK”

Both parties will introduce relevant ecological partners into the cooperation for the opening up of the business cycles of “home”, “vehicle”, “road” and “park”. Specific target partners and the way of cooperation in respect thereof will be determined by the joint working group that consists

of both parties, and the initial target partners will be home appliance enterprises with high inventory, automotive manufacturing enterprises, property holding or operating enterprises which are widely distributed, and physical manufacturing enterprises with large industrial parks.

5. EXPLORING DUAL-CARBON BUSINESS, GAINING ACCESS TO THE PARTICIPATION IN FORMULATION OF NATIONAL STANDARDS AND SECURING CRITICAL POSITION

By establishing and maintaining communication with national entities including the Ministry of Ecology and Environment, Shanghai Environment and Energy Exchange* (上海環境能源交易所) and Hubei Carbon Emission Trading Centre* (湖北碳排放權交易中心), both parties will actively promote industrial support to encourage the consumption of high-quality natural gas and the application of artificial intelligence technologies. In particular, both parties will pay attention to key issues including the capability on identity authentication of block chain technology and identification system for gas consumption and carbon emissions, the value generated by AIoT in predicting energy consumption and micro-grid tuning and optimization, and the application of artificial intelligence in dual-carbon financial technology business.

The Company and Baidu will assist local governments in balancing economic development and the accomplishment of dual-carbon objective, cooperate with group-based business entities, actively promote interregional industry transfer, and conduct businesses in respect of various innovative solutions such as zero-carbon emission industrial parks, general contracting services on carbon emission reduction and road networks for liquefied natural gas-driven automatic driving.

REASONS AND BENEFITS FOR ENTERING INTO THE STRATEGIC COOPERATION AGREEMENT

The Group believes that entering into the Strategic Cooperation Agreement will fully leverage both parties' advantages in their respective business areas, drive the Group's digital transformation, promote the development of new energy business, accelerate the expansion of the "One City, One Network" business and explore the dual-carbon business, which will help maximize the corporate and social benefits for the Group and create greater value for our shareholders.

Shareholders and potential investors are advised to exercise caution in dealing in the shares of the Company.

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

Hong Kong, 19 September 2021

As at the date of this announcement, Mr. LIU Ming Hui, Mr. HUANG Yong, Mr. ZHU Weiwei, Ms. LI Ching, Ms. LIU Chang and Mr. ZHAO Kun 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*