CHINAGAS
中國燃氣

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 YANGTZE THREE GORGES INVESTMENT MANAGEMENT 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 Yangtze Three Gorges Investment Management Co., Ltd.* (長江三峽投資管理有限公司) ("**Three Gorges Investment**") have entered into a strategic cooperation agreement (the "**Strategic Cooperation Agreement**") on 29 November 2021.

Based on the principle of "voluntariness and equality, openness and fairness, complementary advantages and mutual benefits", both parties actively respond to China's strategy of "achieving carbon peak and carbon neutrality" by leveraging their respective advantages, and initiating deep cooperation in fields such as green development investment fund, green integrated energy manager for cities, a new type of power system that mainly adopts distributed renewable energy and development and utilization of hydrogen energy, to build a zero-carbon intelligent integrated energy service platform through the innovation of regional energy supply model and optimization of energy structure, contributing towards the establishment of zero-carbon intelligent industrial ecosystem.

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

1. ESTABLISHING A GREEN DEVELOPMENT INVESTMENT FUND

The Company intends to subscribe for an investment fund established by Three Gorges Investment. The investment fields of the fund mainly include: "environmental protection, clean energy, other growth investment opportunities in line with the concept of green development, strategic emerging industries encouraged by the State; mixed reform projects of the State-owned enterprises in line with the concept of green development". Through fund cooperation, both parties will establish channels for acquiring high-quality projects, seize investment opportunities, and divest through market-oriented methods such as asset securitization to realize reasonable investment gain.

2. BUILDING A NEW TYPE OF POWER SYSTEM THAT MAINLY ADOPTS DISTRIBUTED RENEWABLE ENERGY

Leveraging on the Company's advantages of project companies across the country and combining with the Three Gorges Investment's advantages in capital, technology and industry experience, priority is given to cooperation in the field of distributed renewable energy at the location where the Group's project companies are operating. Based on the Company's cooperation model of project development + EPC construction + operation and maintenance with assets held by Three Gorges Investment, and taking the industrial and commercial distributed photovoltaic, rural household photovoltaic, building integrated photovoltaic and other photovoltaic power generation and new energy applications as the breakthrough point, both parties will simultaneously promote the implementation of zero-carbon smart city projects, and jointly explore green carbon business mechanisms and extend value-added service pilots.

Relying on the layout of distributed renewable energy power stations, both parties will jointly participate in the planning, investment, construction and operation of the incremental distribution network projects in target cities, promote the pilot demonstration of integrated photovoltaic storage and charging projects, and plan the construction of power storage facilities based on demand to provide clients with professional power operation and maintenance. At the same time, with the Company's wide end-user base and rich upstream green power resources in Three Gorges Investment, both parties, as upstream and downstream companies, will participate in the electricity sales market transactions in target cities, prioritize the use of green power in core key industries, energy conservation and carbon reduction, and strive to create the green competitiveness of industrial cluster in the Yangtze River Economic Belt.

3. PROMOTING THE GREEN INTEGRATED ENERGY MANAGER FOR CITIES

Both parties will jointly research on and formulate green integrated energy management, low-carbon transformation development plans and action plans for implementation for target cities. In particular, it includes:

(i) jointly building a digital management platform for dual-carbon goals of target cities, tapping the potential of energy-saving and allocating carbon indicators through quantitative analysis, simulating the development path and room of carbon peak and carbon neutrality goal, exploring the value space of green energy allocation, and providing a fundamental basis for the operation and pricing of the carbon trading market;

(ii) jointly participating in the construction of the green transportation system in target cities, strengthening the planning, construction and operation of charging and replacement facilities, meeting the demand for green energy use of power batteries, and creating a closed system for the use, circulation and recycling of batteries and internal metal resources to achieve the dual goals of carbon reduction and environmental protection; and

(iii) jointly developing green integrated energy service projects for large-scale building complexes and residential communities in target cities, carrying out research and policy application of urban carbon footprint, and advocating zero-carbon communities.

4. FACILITATING THE PILOT PROJECT OF "SHIYAN ZERO CARBON AUTOMOBILE CITY"

Based on the willingness of both parties and market demand, it is proposed to introduce green hydropower, invest in new energy projects such as photovoltaic, wind power, and source-network-load-storage integration by selecting "Shiyan Zero Carbon Automobile City" as a cooperative demonstration project, to effectively coordinate hydropower resources, build intelligent incremental distribution network and empower the construction of zero carbon automobile industrial park.

Both parties will strengthen the research on the carbon footprint calculation in the whole life cycle of automobiles, the estimation and prediction of carbon emission space of automobile industry cluster, the international carbon trading mechanism of automobile industry chain, so as to promote the introduction of industry standards for carbon emission reduction in the domestic automobile industry, help the automobile industry in Hubei Province become the source of original technologies of zero-carbon vehicles and the leader of industry green standards, and consolidate the important position of both parties in the implementation of the national carbon peak and carbon neutrality strategy.

5. DEVELOPMENT AND UTILIZATION OF HYDROGEN ENERGY

Both parties will jointly participate in the technical research, commercial application and project development of the whole hydrogen energy industry chain and contribute towards the clean energy solutions for Yangtze River protection. Among which, Three Gorges Investment will make use of its abundant generating capacity in green power such as hydropower, focusing on the generation and supply of hydrogen energy. In view of its gas station terminals across the country and its nationwide network for gas compression, liquefaction, storage and transportation, the Company will focus on the storage, transportation and application of hydrogen energy.

REASONS AND BENEFITS FOR ENTERING INTO THE STRATEGIC COOPERATION AGREEMENT

Three Gorges Investment, a wholly-owned subsidiary of China Three Gorges Corporation ("**Three Gorges Group**"), is principally engaged in industrial investment and asset management. To construct the Three Gorges Project and develop and harness the Yangtze River, China Three Gorges Project Cooperation was officially established with the approval of the State Council in 1993, and was subsequently restructured and had its name changed to China Three Gorges Corporation. After more than 20 years of continuous, high-quality and rapid development, Three Gorges Group has become the largest enterprise engaging in hydropower development and operation in the world and the biggest clean energy group in China.

The Group believes that entering into the Strategic Cooperation Agreement will leverage their respective advantages. Under the grand blueprint of achieving national carbon peak and carbon neutrality, both parties will construct zero carbon smart cities powered by green energy via building comprehensive energy systems with new energy such as wind, solar, water and hydrogen as the core. Through the research and practice of carbon measurement, carbon accounting and carbon trading, both parties will work with ecological partners to promote the exploration and reconstruction of carbon value and help build an international and standardized carbon market system for China. At the same time, both parties will jointly promote the implementation of the urban zero carbon development plan, the construction of digital management system for carbon reduction goal and the green transformation and upgrade of the park's industrial chain. This cooperation will significantly promote the development of the Group's carbon peak and carbon neutrality and new energy business, thereby enabling the Group to achieve greater corporate and social benefits 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, 29 November 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*