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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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of China Gas Holdings Limited (the “**Company**”) dated 28 August 2022 (the “**CCT Announcement**”) in relation to the Value-Added Products Purchase Agreement, the Safety Inspection Service Agreement, the IoT Service Agreement and the Electronic Payment and Software Development Service Agreement. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the CCT Announcement. This announcement is to provide supplemental information on the pricing policy under the Value-Added Products Purchase Agreement and the Safety Inspection Service Agreement.

THE VALUE-ADDED PRODUCTS PURCHASE AGREEMENT

Price Determination

Where a government-guided fee standard is available, the price shall be agreed by reference to the government-guided price. There are no current government-prescribed price or pricing regulations for the Value-added Products.

Where no government-guided fee standard is applicable, the pricing of the Value-added Products is determined through price enquiry and comparison on the relevant price websites or by referring to the prices of similar transactions in the surrounding markets where practicable. The finance department of the Company shall seek to obtain quotations from at least three independent third-party suppliers for each type of Value-added Products where practicable on an annual basis. A management personnel of the Company authorised to approve such transactions will review and compare the prices and terms in respect of the Value-added Products offered by Electronic Business Group to the Company with the reference price from other quotations or the price assessed by an independent third-party valuation agency, as applicable, for comparable products before entering into the individual contracts pursuant to the Value-added Products Purchase Agreement. The price of the Value-added Products should not exceed the best price among all the prices offered by comparable independent third-party suppliers in

the relevant market in the ordinary course of business based on comparable terms and conditions or the price assessed by an independent third-party valuation agency (as applicable). The Company will endeavour to negotiate with Electronic Business Group in good faith with a view to complying with the pricing principles.

As disclosed in the CCT Announcement, the Company has in place internal control policies to ensure that the relevant continuing connected transactions under the Value-added Products Purchase Agreement will not be prejudicial to the interests of the Company and its shareholders as a whole. The Company will review from time to time (i) the terms offered by comparable independent third party suppliers and compare those with the terms of the Value-added Products Purchase Agreement; and (ii) the price offered by comparable independent third party suppliers or the price assessed by an independent third-party valuation agency, as applicable, and compare that with the price offered by Electronic Business Group to ensure that the terms offered by Electronic Business Group are no less favourable than those offered by independent third parties.

THE SAFETY INSPECTION SERVICE AGREEMENT

Price Determination

The finance department of the Company regularly updates Parent Group's approved service providers' list with the terms and price offered by independent third-party service providers offering comparable services. The service fees under the Safety Inspection Service Agreement are fixed fees with a term of one year. Before entering into each underlying contract, the finance department shall seek to obtain quotations from at least three independent third party service providers on the approved suppliers' list on an annual basis or the price assessed by an independent third-party valuation agency, as applicable, and compare the terms offered by the comparable independent third party service providers or the price assessed by an independent third-party valuation agency (as applicable) and Electronic Business Group. The terms of the services contemplated under the Safety Inspection Service Agreement should not be less favourable than that offered by comparable independent third parties or the price assessed by an independent third-party valuation agency (as applicable). The Company will endeavour to negotiate with Electronic Business Group in good faith with a view to complying with the pricing principles. The Company will regularly review the terms and price offered by Electronic Business Group with that on the approved service providers' list to ensure that the terms of the Safety Inspection Service Agreement are no less favourable than those offered by comparable independent third-party service providers. In the event that the service fees will be adjusted upwards, the finance department will conduct similar exercises as mentioned above to ensure that the proposed service fees quoted by Electronic Business Group are similar to the prevailing market price.

As disclosed in the CCT Announcement, the Company has adopted internal control policies to ensure that the relevant continuing connected transactions under the Safety Inspection Service Agreement will not be prejudicial to the interests of the Company and its shareholders as a whole.

The audit committee of the Company comprising independent non-executive directors will review the transactions under the CCT Agreements regularly. Pursuant to Rule 14A.56 of the Listing Rules, the Board will engage the external auditor of the Company (“**External Auditor**”) to report on the Group’s continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The External Auditor will issue report containing its findings (if any) and conclusions in respect of the transactions contemplated under the CCT Agreements in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor’s report will be provided by the Company to the Stock Exchange on an annual basis.

The additional information disclosed herein does not affect any other information contained in the CCT Announcement.

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

Hong Kong, 5 September 2022

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. XIONG Bin, 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, Mr. ZHANG Ling and Dr. MA Weihua are the independent non-executive directors of the Company.

* *For identification purpose only*