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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Gas Holdings Limited, you should at once hand this circular with the accompanying form of proxy, to the purchaser or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser.

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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)

- (1) RENEWAL OF GENERAL MANDATES TO ISSUE SHARES AND
REPURCHASE SHARES;
(2) RE-ELECTION OF DIRECTORS;
(3) PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME;
AND
(4) NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the 2023 AGM of the Company to be held at China Gas Building, 188 Meiyuan Road, Luohu District, Shenzhen, Guangdong Province, China at 10:00 a.m. on Wednesday, 23 August 2023 is set out on page 47 to page 53 of this circular. A form of proxy for use at the AGM is enclosed with the Annual Report which is despatched to you together with this circular.

Whether or not you intend to attend and vote at the AGM in person, you are requested to complete the form of proxy enclosed with the Annual Report in accordance with the instructions printed thereon and return it to the Company's branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM should you so wish.

* *For identification purposes only*

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DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context indicates otherwise:

“2013 Share Option Scheme”	the 2013 Share Option Scheme of the Company adopted on 20 August 2013, which will expire on 20 August 2023
“Adoption Date”	23 August 2023, the date on which the New Share Option Scheme are to be adopted by resolutions of the Shareholders
“Aggregate Exercise Price”	in relation to an Option, an amount equal to the Exercise Price multiplied by the relevant number of Shares in respect of which such Option is exercised
“AGM”	the annual general meeting of the Company to be held at China Gas Building, 188 Meiyuan Road, Luohu District, Shenzhen, Guangdong Province, China at 10:00 a.m. on Wednesday, 23 August 2023 or at any adjournment thereof
“Annual Report”	the annual report of the Company for the year ended 31 March 2023 despatched to the Shareholders together with this circular
“Board”	the board of Directors, and for the purposes of the New Share Option Scheme, shall include the person(s) from time to time delegated by the Board with the power and authority to administer the New Share Option Scheme in accordance with the rules herein
“Bye-laws”	the bye-laws of the Company from time to time and references to a “Bye-law” are to a bye-law contained therein
“Close Associate(s)”	has the same meaning ascribed thereto in the Listing Rules
“Company”	China Gas Holdings Limited, a company incorporated in Bermuda with limited liability, and the issued shares of which are listed on the Main Board of the Stock Exchange
“Controlling Shareholder”	has the same meaning ascribed thereto in the Listing Rules
“Core Connected Person”	has the same meaning ascribed thereto in the Listing Rules
“Date of Grant”	in relation to any Option, the day (which must be a trading day) on which the Directors resolve to make an offer of that Option to an Eligible Participant subject to the provisions of the New Share Option Scheme
“Director(s)”	the director(s) of the Company

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“Effective Date”	the effective date of the New Share Option Scheme, the day on which the conditions referred to in paragraph 23 of Appendix III to this circular are fulfilled
“Eligible Participant(s)”	the Employee Participants, Service Providers and the Related Entity Participants
“Employee Participant(s)”	any director and employee of the Group
“Exercise Price”	the price per Share payable on the exercise of an Option (in whole or in part) as determined by the Directors (which price may, if the Directors so determine, be set at different levels for different periods during the Option Period) provided always that it shall comply with the provisions of the New Share Option Scheme
“Existing Share Award Scheme”	the existing share award scheme adopted by the Company on 27 November 2020, which will expire on 26 November 2030
“Existing Share Schemes”	the Existing Share Award Scheme and 2013 Share Option Scheme
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Individual Limit”	has the same meaning as defined in paragraph 4 of Appendix III to this circular
“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise all the powers of the Company to allot, issue and otherwise deal with additional Shares up to a maximum of 10% of the aggregate nominal share capital of the Company in issue as at the date of passing of the relevant resolution
“Latest Practicable Date”	13 July 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

DEFINITIONS

“New Share Option Scheme”	the proposed new share option scheme of the Company to be submitted to the Shareholders for approval at the AGM, a summary of its principal terms is set out in Appendix III to this circular
“Option”	an option to subscribe for Shares pursuant to the New Share Option Scheme
“Option Holder”	the holder of any outstanding Option or (where the context so permits) any person who is entitled to such Option in consequence of the death or disability of the original holder, or the legal personal representative of such holder
“Option Period”	in respect of any Option, the period commencing on the Acceptance Date of an Option and expiring at the close of business on a day as determined by the Directors (both days inclusive), which period may, if the Directors so determine, be set at different length for different Eligible Participants provided always that such period shall not be longer than ten (10) years from the date upon which any Option is granted in accordance with the New Share Option Scheme
“PRC”	the People’s Republic of China
“Related Entity(ies)”	holding companies, fellow subsidiaries or associated companies of the Company
“Related Entity Participant(s)”	the directors, chief executive and employees of the holding companies, fellow subsidiaries or associated companies of the Company, provided that the Board shall have absolute discretion to determine whether or not one falls within such category
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise all the powers of the Company to repurchase up to 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution
“Scheme Mandate Limit”	the total of Shares which may be allotted and issued upon exercise of all Options to be granted under the New Share Option Scheme, which shall not exceed 10% of the total number of Shares in issue as at the Adoption Date

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“Service Provider(s)”	<p>any person who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, including the following persons:</p> <ul style="list-style-type: none">(i) consultants providing business consulting services to the Group, in relation to the Company’s principal business activities involving sale of natural gas, gas connection, engineering design and construction, sale of LPG and value-added services (which include the sale of kitchen-focused household products and services, value-added services provided to corporate customers, customer pipeline maintenance and the sale of value-added products and services for government-led projects) and any other principal business activities the Company may engage in from time to time; and(ii) persons or entities that provide marketing, public relations, investor relations and corporate communications-related and other professional services to any member of the Group. <p>for the avoidance of doubt, Service Providers may not include placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions, as well as professional service providers such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity</p>
“Service Provider Sublimit”	<p>the total number of Shares which may be issued upon exercise of all Options to be granted to the Service Providers, which shall not exceed 1% of the total number of Shares in issue on the Adoption Date</p>
“SFO”	<p>the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)</p>
“Share(s)”	<p>the ordinary share(s) of HK\$0.01 each in the share capital of the Company</p>
“Shareholder(s)”	<p>the holder(s) of the Shares</p>
“Stock Exchange”	<p>The Stock Exchange of Hong Kong Limited</p>
“Substantial Shareholder”	<p>has the same meaning ascribed thereto in the Listing Rules</p>

DEFINITIONS

“Takeovers Code” the Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong

“%” per cent



CHINA GAS HOLDINGS LIMITED

中國燃氣控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 384)

Executive Directors:

Mr. LIU Ming Hui (*Chairman*)
Mr. HUANG Yong
Mr. ZHU Weiwei
Ms. LI Ching
Ms. LIU Chang
Mr. ZHAO Kun

Non-executive Directors:

Mr. XIONG Bin (*Vice-Chairman*)
Mr. LIU Mingxing
Mr. JIANG Xinhao
Mr. Mahesh Vishwanathan IYER

Independent Non-executive Directors:

Mr. ZHAO Yuhua
Dr. MAO Erwan
Ms. CHEN Yanyan
Mr. ZHANG Ling
Dr. MA Weihua

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place
of business in Hong Kong:*

Room 1601, 16th Floor
Capital Centre, 151 Gloucester Road
Wan Chai
Hong Kong

21 July 2023

To the Shareholders

Dear Sir or Madam,

- (1) RENEWAL OF GENERAL MANDATES TO ISSUE SHARES AND
REPURCHASE SHARES;
(2) RE-ELECTION OF DIRECTORS;
(3) PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME;
AND
(4) NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with details in relation to the resolutions to be proposed at the AGM, including (i) the proposed renewal of Issue Mandate and Repurchase Mandate; (ii) re-election of Directors; and (iii) the proposed adoption of the New Share Option Scheme. A notice of the AGM containing the resolutions to be proposed at the AGM is set out in the circular.

* For identification purposes only

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2. PROPOSED RENEWAL OF GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES

At the annual general meeting of the Company held on 18 August 2022, ordinary resolutions were passed granting general mandates to the Directors, *inter alia*, to repurchase Shares and to issue, allot and deal with Shares.

The existing general mandates will lapse at the conclusion of the AGM. Accordingly, the Issue Mandate and the Repurchase Mandate, respectively, as set out as ordinary resolutions in the notice of AGM, are now proposed to be granted.

In respect of the Issue Mandate, at the AGM, an ordinary resolution will be proposed to grant the Directors a general and unconditional mandate to exercise all powers of the Company to issue new Shares up to 10% of the number of issued Shares as at the date of passing of the ordinary resolution.

In respect of the Repurchase Mandate, at the AGM, an ordinary resolution will be proposed to grant the Directors a general and unconditional mandate to exercise all powers of the Company to repurchase Shares on the Stock Exchange up to a maximum of 10% of the Shares in issue as at the date of passing of the ordinary resolution.

In addition, a separate ordinary resolution will further be proposed, that the Issue Mandate be extended so that the Directors be given a general mandate to issue further Shares of a number equal to the number of the Shares repurchased by the Company under the Repurchase Mandate.

In relation to the Issue Mandate, 5,440,335,772 Shares were in issue and fully paid as at the Latest Practicable Date. Assuming that there are no changes in the Company's issued and fully paid share capital from the Latest Practicable Date to the date of AGM and the ordinary resolution approving the Issue Mandate is passed, the maximum number of Shares that may be issued by the Company will be 544,033,577 Shares.

The Directors, as at the Latest Practicable Date, had no immediate plans to repurchase any Shares or to issue any new Shares (other than the Shares which may fall to be issued under the Share Option Scheme) pursuant to the relevant mandates.

The explanatory statement, as required by the Listing Rules to be sent to the Shareholders in connection with the Repurchase Mandate, is set out in Appendix I to this circular. The explanatory statement contains all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolution at the AGM.

3. RE-ELECTION OF DIRECTORS

Pursuant to Bye-law 87(1) of the Bye-laws, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not a multiple of three, the number nearest to but not less than one-third, shall retire from office by rotation, provided that every Director shall be subject to retirement at least once every three years. Pursuant to Bye-law 87(1) of the Bye-laws and

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the Code Provision B.2.2. of the Corporate Governance Code set out in Appendix 14 to the Listing Rules, Mr. LIU Ming Hui, Ms. LIU Chang, Mr. Mahesh Vishwanathan IYER, Mr. ZHAO Yuhua and Mr. ZHANG Ling will retire by rotation, being eligible, will offer themselves for re-election at the forthcoming AGM.

In respect of re-election of Mr. ZHAO Yuhua and Mr. ZHANG Ling as independent non-executive Directors of the Company, the Nomination Committee and the Board have followed the Nomination Policy and the Board Diversity Policy of the Company, and considered a number of aspects including but not limited to gender, age, cultural background, educational background, professional experience, skills, knowledge and/or length of service. The Nomination Committee and the Board note that Mr. ZHAO and Mr. ZHANG have, amongst others, extensive knowledge in international business, finance and economics and his background, training and practice will allow him to provide valuable perspectives and experience to the Board and contribute to the diversity thereof.

Mr. ZHAO was appointed as an independent non-executive Director of the Company in November 2002. He has served the Company as an independent non-executive Director for more than nine years, and have thorough understanding of the Company's operations and business. As an independent non-executive Director, he has always contributed objectively in advising and giving independent guidance to the Company over the years. Mr. ZHAO have never been engaged in any executive management of the Group. The Board has received from Mr. ZHAO a confirmation of independence according to Rule 3.13 of the Listing Rules. Taking into consideration of the above and the independent nature of Mr. ZHAO's roles and duties in the past years, both the Nomination Committee and the Board consider that the long service of Mr. ZHAO would not diminish his independence or affect his exercise of independent judgement and are satisfied that he has the required character, integrity, experience and independence to continue fulfilling his role of an independent non-executive Director. As such, the Board considers that re-election of Mr. ZHAO as an independent non-executive Director is in the best interest of the Company and the Shareholders as a whole.

Details of the above Directors proposed to be re-elected at the AGM are set out in Appendix II to this circular.

4. THE TERMINATION OF THE 2013 SHARE OPTION SCHEME AND ADOPTION OF THE NEW SHARE OPTION SCHEME

Introduction

As at the Latest Practicable Date, the Company operates the 2013 Share Option Scheme and the Existing Share Award Schemes.

The 2013 Share Option Scheme was adopted by the Company on 20 August 2013 and is due to expire on 20 August 2023. As at the Latest Practicable Date, there were 3,000,000 outstanding share options under the 2013 Share Option Scheme. The Board has no plan to grant any options under the 2013 Share Option Scheme from the date hereof up to the AGM.

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The Existing Share Award Scheme was adopted by the Company on 27 November 2020. It allows the Company to grant awards involving new and existing Shares to eligible participants under the scheme rules. The Existing Share Award Scheme is due to expire on 26 November 2030. Save for the aforesaid, as at the Latest Practicable Date, the Company does not maintain any other Share Schemes.

Chapter 17 of the Listing Rules has been amended to govern both share option schemes and share award schemes with effect from 1 January 2023. To bring the Company's Existing Share Schemes in line with the new requirements of Chapter 17 of the Listing Rules, the Board proposes to: (i) terminate the 2013 Share Option Scheme and adopt the New Share Option Scheme; and (ii) amend the Existing Share Award Scheme such that only grant of awards involving existing Shares may be made thereunder and no further grant of awards involving new Shares may be made under the amended and restated Existing Share Award Scheme.

The termination of the 2013 Share Option Scheme and the adoption of the New Share Option Scheme are subject to, among others, Shareholders' approval at the AGM. Pursuant to the rules of the Existing Share Award Scheme, the Existing Share Award Scheme may be amended by a resolution of the Board. The amendments to the Existing Share Award Scheme have been approved by the Board with effect from the date of the AGM.

Subject to the approval of the Shareholders at the AGM and conditional upon the adoption of the New Share Option Scheme, the 2013 Share Option Scheme shall be terminated such that no further options under the 2013 Share Option Scheme could thereafter be offered but in all other respects the provisions of the 2013 Share Option Scheme shall remain in full force and effect.

Purpose of the New Share Option Scheme

The Board proposes to adopt the New Share Option Scheme which will involve the issue of new Shares by the Company. Based on the requirements from Chapter 17 of the Listing Rules, adoption of the New Share Option Scheme will be subject to the approval by the Shareholders by way of ordinary resolutions at the AGM.

The Directors consider that the New Share Option Scheme, which will be valid for 10 years from the Adoption Date, will recognise and reward the contribution of certain Eligible Participants to the growth and development of the Group and to give incentives thereto in order to retain them for the continual operation and development of the Group; and attract suitable personnel for further development of the Group.

The Board believes that the authority given to the Board under the New Share Option Scheme to specify any minimum holding period and/or performance targets as conditions in any Option granted as well as the authority to select the appropriate Eligible Participants as

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prescribed by the rules of the New Share Option Scheme will serve to protect the value of the Company and to achieve such purpose of retaining and motivating personnel to contribute to the Group.

Scope of Eligible Participants

Eligible Participants include the Employee Participants, the Service Providers and the Related Entity Participants.

The eligibility of any of the Eligible Participants shall be determined by the Board from time to time on the basis of the Board's opinion as to his contribution and/or future contribution to the development and growth of the Group. In determining the basis of eligibility of each Eligible Participant, the Board would mainly take into account of the experience of the Eligible Participant on the Group's businesses, the length of service of the Eligible Participant with the Group (if the Eligible Participant is an employee or a director of any member of the Group), the actual degree of involvement in and/or cooperation with the Group and length of collaborative relationship the Eligible Participant has established with the Group (if the Eligible Participant is a Service Provider of any member of the Group), and the amount of support, assistance, guidance, advice, efforts and contributions the Eligible Participant has exerted and given towards the success of the Group and/or the amount of potential support, assistance, guidance, advice, efforts and contributions the Eligible Participant is likely to be able to give or make towards the success of the Group in the future.

In assessing the eligibility of a Related Entity Participant, the Board will consider a range of factors, such as the length of service, job position and job duties in the Related Entity, the shareholding relationship between the Group and the Related Entity and the benefits and synergies provided by the Related Entity to the Group.

Service Providers means any person who provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, including any of the following persons:

- (i) consultants providing business consulting services to the Group, in relation to the Company's principal business activities involving sale of natural gas, gas connection, engineering design and construction, sale of LPG and value-added services (which include the sale of kitchen-focused household products and services, value-added services provided to corporate customers, customer pipeline maintenance and the sale of value-added products and services for government-led projects) and any other principal business activities the Company may engage in from time to time; and
- (ii) persons or entities that provide marketing, public relations, investor relations and corporate communications-related and other professional services to any member of the Group.

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For the avoidance of doubt, Service Providers may not include placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions, as well as professional service providers such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity.

For each category of Service Providers, assessing factors include (where applicable): the individual performance, experience or qualification of the relevant Service Provider, the length of business relationship with the Group, the materiality and nature of the business relationship with the Group, track record in the quality of services and/or cooperation and the actual or expected improvement to the Group which is or may be attributable to the Service Providers. In assessing whether the Service Provider provides services to the Group on a continuing and recurring basis and in its ordinary and usual course of business, the Board shall take into consideration the length and type of services provided/to be provided and the recurrences and regularity of such services, and (where applicable) will benchmark such metrics against the performance of the relevant employees, officers and directors of the Group to whom the Group provides equity incentives, while taking into account the purpose of the New Share Option Scheme and the objectives in engaging the Service Provider, the nature of the services provided/to be provided to the Group by the Service Provider, and whether such services form part of or are necessary or ancillary to the businesses conducted by the Group from time to time.

The Board (including the independent non-executive Directors) is of the view that the inclusion of the Related Entity Participants and Service Providers aligns with the purpose of the New Share Option Scheme for the following reasons:

- i. the Company and the Related Entity Participants have always had a close working relationship. Despite that Related Entity Participants may not be directly appointed and employed by the members of the Group, such Related Entity Participants are nonetheless valuable human resources to the Group given their close corporate and collaborative relationships, they may be involved in projects or other business engagements relating to or having connections with the Group's businesses. As such, certain Related Entity Participants have joint involvement in work projects from time to time. Given the mix of workload, the Company feels that it is important to recognize the contribution or future contribution of such Related Entity Participants and strengthen their loyalty with the Group by giving them incentive through their participation in the New Share Option Scheme. In particular, for those Related Entities in which the Group has significant interest, their growth and development would contribute to the financial performance of the Group, thereby allowing the Group to share and benefit from the positive results of these companies;

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- ii. in respect of the Service Providers, the Group has, in its ordinary and usual course of business, relied on the below categories of entities and persons in providing the necessary services and support for the growth and development of the Group. The Company believes that their contributions play a key role in the success of the Group;
- iii. Service Providers include consultants who provide services in relation to the Company's principal business activities involving sale of natural gas, gas connection, engineering design and construction, sale of LPG and value-added services (which include the sale of kitchen-focused household products and services, value-added services provided to corporate customers, customer pipeline maintenance and the sale of value-added products and services for government-led projects) and any other principal business activities the Company may engage in from time to time. Such consultants have specialties or expertise that supplement the Group's operations in areas that supplement the Group's operations. As these service providers possess industry-specific knowledge or expertise that supplement the Group's operations and often have extensive experience and understanding of the market and specialised skills and technical knowledge, they are able to advise the Group on areas such as market development, technology and industry trends, among other things. Their technical knowledge, industry experience, strategic advice and guidance benefit the Group in its ordinary and usual course of business and often enable the Group to more effectively plan its future business strategies for long-term growth. Such Service Providers also include (among others) former employees of the Group who possess in-depth knowledge and expertise that are directly relevant to the businesses of the Group, and who are willing to continue providing valuable support to the Group in the capacity as consultants. The Company considers that such consultants are seasoned individuals in the industries relevant to the Group and hence are able to provide valuable support to the Group in conjunction with the employees of the Group. The Board consider the contributions of such consultants to be similar to employees of the Group and that the grant of Options to them will incentivise them to provide quality services to the Group on a long-term basis, strengthen their loyalty to the Group and maximise their performance efficiency;
- iv. Service Providers also include consultants who provide marketing, public relations, investor relations and corporate communications-related and other professional services to the Group (but for the avoidance of doubt exclude placing agents or financial advisers providing advisory services for fundraising, mergers or acquisition, professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity). As the Company is a leading integrated energy supplier in China that values corporate communications and public relations as vital for its long term growth and development, the Board believes that engaging such professionals and consultants and providing them with equity incentives can help enhance the Group's

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marketing, corporation communications and brand positioning in an increasingly competitive market. Such consultants have extensive experience in their respective fields, and they are able to draw on their experience working with different leading companies in the industry to advise the Group on strategic development. The Company considers them to be in touch with the latest trends and highly aware of the needs of the Group's stakeholders. They assist the Group in formulating appropriate marketing and corporate communications strategies to enhance the Group's market image, which are beneficial to the operation of the Group's ordinary and usual course of business;

- v. furthermore, the Group may require new types of professional services to be provided by the Service Providers to cope with its demand for new initiatives, projects and focuses and to support its expansion plans from time to time. In such case the Board will determine whether the Service Providers providing such professional services are eligible to participate in the New Share Option Scheme based on whether such professional services provided are in line with the Company's business need and the industry norm, desirable and necessary from a commercial perspective and help maintain or enhance the competitiveness of the Group, having regard to the Group's key business segments and focuses from time to time. Moreover, these Service Providers may provide services akin to employees of the Group, but may not always be able to serve as full-time or part-time employees of the Group due to a variety of reasons. For example, these Service Providers may have stepped down from employment position, or they may be seasoned people in their own fields and professionals with many business connections which the Group may not be able to recruit them as employees, or they may prefer to provide services on self-employed basis which is in line with industry norm, and as a result the Group may need to procure services from such external consultants; and
- vi. as mentioned above, the Board will take into account numerous factors when assessing the eligibility of and contribution (or potential contribution) made or to be made by the different categories of non-employee Eligible Participants. As further explained below, the Board also has the discretion to impose different terms and conditions (including but not limited to performance targets and vesting conditions) on Options to be granted to these Eligible Participants, which allows the Board to have flexibility to impose appropriate conditions in light of the particular circumstances of each grant, which would then be a more meaningful reward for these non-employee Eligible Participants' contribution or potential contribution.

Therefore, the Board (including independent non-executive Directors) considers that the proposed categories of the Related Entity Participants and the Service Providers are in line with the Company's business needs and the industry norm, desirable and necessary from a commercial perspective and help maintain or enhance the competitiveness of the Group. The

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grant of Options to these non-employee participants will align their interests with the Group's, incentivizing them to provide better services to, create more opportunities for and/or contribute to the success of the Group in the long term.

Service Provider Sublimit

Pursuant to Rule 17.03B(2) of the Listing Rules and the New Share Option Scheme (and other share scheme(s) of the Company), within the Scheme Mandate Limit, the Service Provider Sublimit, being the total number of Shares which may be allotted and issued in respect of all options to be granted to the Service Providers under the New Share Option Scheme, must not in aggregate exceed 1% of the total number of Shares in issue as at the date of separate approval of this sublimit by the Shareholders at the AGM.

As at the Latest Practicable Date, the issued share capital of the Company comprised 5,440,335,772 Shares. Assuming that there is no change in the issued share capital between the period from the Latest Practicable Date and the Adoption Date, the Service Provider Sublimit of the New Share Option Scheme will be 54,403,357 Shares, being 1% of the total number of the issued Shares on the Adoption Date.

The basis for determining the Service Provider Sublimit includes the potential dilution effect arising from grants to the Service Providers, and the importance of striking a balance between achieving the purpose of the New Share Option Scheme and protecting Shareholders from the dilution effect from granting a substantial amount of Options to the Service Providers, the actual or expected increase in the Group's revenue or profits which is attributable to the Service Providers, the extent of use of Service Provider in the Group's business, the current payment and/or settlement arrangement with the Service Providers, and the fact that the Company expects that a majority of Options will be granted to Employee Participants and as such there is a need to reserve a larger portion of the Scheme Mandate Limit for grants to the Employee Participants. Given the above, the Directors have made reference to the 1% Individual Limit and considered that a sublimit of 1% would not lead to an excessive dilution of existing Shareholders' holdings. The Group engages Service Providers to provide services to the Group in connection with, among other things, sales of natural gas, gas connection, engineering design and construction, sales of liquefied natural gas, value-added services, and new businesses (as well as the activities associated with such businesses), being the Group's principal business activities. The Service Providers possess industry-specific knowledge or expertise or valuable experience or deep understanding or insight in the business, financial or commercial areas of the Group and their continuing and recurring engagement and cooperation with the Group would benefit the Group on a frequent and successive basis in its ordinary and usual course of business.

The Service Provider Sublimit would provide the Group with flexibility to provide equity incentives (instead of expending cash resources in the form of monetary consideration) to reward and collaborate with Service Providers which are not employees of the Group but who may have exceptional expertise and who may be able to contribute to the Group in a way substantively comparable to contribution of highly-skilled or executive employees of the

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Group. In determining the Service Provider Sublimit, the Directors consider that it is important to ensure that the New Share Option Scheme is attractive and provides sufficient incentives to Service Providers who are able to contribute to core functions on which the Group relies in its ordinary and usual course of business.

Taking into account (i) the business model of the Group, in particular; (ii) the benefit to and needs of the Group to provide long-term equity incentives to maintain the recurring and continuing contributions of the Service Providers in relation to the operations and business functions of the Group; (iii) the potential expenses borne by the Group and the potential growth in value of the Shares; and (iv) the relatively low threshold of 1% and thus minimal potential dilution to the shareholding of public Shareholders following the grants of Options to Service Providers under the Service Provider Sublimit, the Board is of the view that the Service Provider Sublimit is appropriate and reasonable. The Service Provider Sublimit is subject to separate approval by the Shareholders at the AGM.

Scheme Mandate Limit

In accordance with Rule 17.03B(1) of the Listing Rules and the New Share Option Scheme, the Scheme Mandate Limit, being the total number of Shares which may be allotted and issued in respect of all options to be granted under the New Share Option Scheme should be no more than 10% of the total number of Shares in issue as at the date of approval of this limit by the Shareholders at the AGM. As at the Latest Practicable Date, the issued share capital of the Company comprised 5,440,335,772 Shares. Assuming that there is no change in the issued share capital between the period from the Latest Practicable Date and the Adoption Date, the Scheme Mandate Limit will be 544,033,577 Shares, representing 10% of the total number of the issued Shares as at the Adoption Date.

Vesting Period

The vesting period for Options under the New Share Option Scheme shall not be less than twelve (12) months. To ensure the practicability in fully attaining the purpose of the New Share Option Scheme, the Board and the Remuneration Committee of the Company (“**Remuneration Committee**”) are of the view that (a) there are certain instances where a strict twelve (12)-month vesting requirement would not work or would not be fair to the Option Holder, such as those set out in sub-paragraph 7.2 of Appendix III to this circular; (b) there is a need for the Company to retain flexibility to reward exceptional performers with accelerated vesting or in exceptional circumstances where justified; and (c) the Company should be allowed discretions to formulate its own talent recruitment and retention strategies in response to changing market conditions and industry competition, and thus should have flexibility to impose vesting conditions such as performance-based vesting conditions instead of time-based vesting criteria depending on individual circumstances.

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Hence, the Board and the Remuneration Committee are of the view that the shorter vesting period prescribed in sub-paragraph 7.2 of Appendix III to this circular is in line with the market practice and is appropriate and aligns with the purpose of the New Share Option Scheme.

Performance targets and clawback mechanism

The New Share Option Scheme will give the Board discretion to impose performance targets in respect of exercise or vesting of Options. Such Performance Targets may be set out in the offer letter, and if so, the Eligible Participants shall be required to fulfil such Performance Targets before any Options can be exercised. Such Performance Targets may include financial and non-financial parameters, including but not limited to value creation parameters (such as revenue, gross profit and gross merchandise value), strategic and organizational health parameters (such as timeliness and accuracy in handling customer feedback and compliance with internal business procedures), aggregate sales volume of the Group generated by the Eligible Participant for the relevant financial year, market share of the Group's relevant products or services for the relevant financial year, net profit of the Group for the relevant financial year. The Board and the Remuneration Committee will determine any performance targets applicable to each grant of Options on a case-by-case basis. It will consider any past contributions of a participant to make an assessment of the potential future value that the relevant Eligible Participant may bring to the Group. The assessment may involve a consideration and appraisal of the relevant Eligible Participant's expected contribution with reference to the relevant Eligible Participant's duties (including but not limited to whether the Eligible Participant is in a management role or a support role), position within the Group (so that it will be considered whether overall Group level targets or specific performance indicators should be adopted) and other features including geographical location, corporate culture and business strategy focus. The Company has established an appraisal mechanism to assess the fulfilment of Performance Targets by its employees, which are linked to the Company's strategic goals and values. The appraisal mechanism uses a scoring system based on a matrix of qualitative and quantitative indicators that vary according to the roles and responsibilities of the relevant employees. The indicators include, but are not limited to, measures of work quality, efficiency, collaboration, management and strategy. The scoring system evaluates both the employee's regular duties and the strategic objectives or tasks assigned during the appraisal period. The Company will make reference to this appraisal mechanism to set and review the Performance Targets set for non-employee Eligible Participants, and will continue to monitor and track the progress and achievements of the Performance Targets set for the non-employee Eligible Participants. An appraisal of Eligible Participants will be made before the grant of Options, with a view to ensuring that grants are on a fair and reasonable basis and in the interest of the Company and its Shareholders as a whole. The management may propose performance targets (if any) for each relevant Eligible Participant in each proposed grant of Options to the Board or the Remuneration Committee for consideration, which will then assess the reasonableness and suitability of such performance targets. The Directors are of the view that it is not appropriate to stipulate a fixed set of Performance Targets in the rules of the New Share Option Scheme, as the Board or the

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Remuneration Committee should have flexibility to determine how Performance Targets may incentivise the Group's Employee Participants, Service Providers and Related Entity Participants, with regard to the Group's business performance and financial conditions and the particular circumstances of the Eligible Participants for a grant of Options under the New Share Option Scheme.

Under the New Share Option Scheme, the Directors may (but are not obliged to) by notice in writing to the Eligible Participant concerned clawback or extend the vesting period if any of the following events shall occur:

- (i) there being a material misstatement in the audited financial statements of the Company that requires a restatement;
- (ii) the grantee having committed an act of fraud, violated confidentially or non-competition obligations owed to the Group, or any leakage by such grantee of the Group's trade secrets, intellectual property or proprietary information;
- (iii) the grantee having engaged in serious misconduct;
- (iv) any conduct of a grantee that has material adverse effect to the reputation or interests of the Group.

If a clawback mechanism is imposed on an Option Holder, the Board will take into account individual circumstances when devising such mechanism such as the role of the Option Holder, the purpose of the grant (for example whether as recognition of past contribution or as incentive to motivate such Option Holder to contribute to the Group in the future on an ongoing basis), whether it would be particularly burdensome and complicated to implement the clawback mechanism, whether there are any tax implications etc.

The Board believes that the aforesaid will provide the Board with more flexibility in setting the terms and conditions of the Options under particular circumstances of each grant and facilitate the Board's aim to offer meaningful incentives to attract and retain quality personnel that are valuable to the development of the Group and for the benefit of the Group and the Shareholders as a whole.

Basis of Determination of the Exercise Price under the New Share Option Scheme

Eligible Participants to whom Options shall be granted, are entitled to subscribe for the number of Shares at the Exercise Price as determined on the Date of Grant. The Exercise Price shall be a price determined by the Board in its absolute discretion and notified to an Eligible Participant, but in any event shall not be at less than the highest of:

- (i) the closing price of the Share as stated in the daily quotations sheet issued by the Stock Exchange on the Date of Grant, which must be a business day;

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- (ii) the average closing price of the Share as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the Date of Grant; and
- (iii) the nominal value of a Share on the Date of Grant.

The Directors consider that such basis will serve to preserve the value of the Company and encourage the Eligible Participants to acquire proprietary interests in the Company.

Value of the Options under the New Share Option Scheme

The Directors consider that it is inappropriate to value the Options which can be granted under the New Share Option Scheme on the assumption that they had been granted at the Latest Practicable Date, as various factors determining factors for the calculation of such value cannot be reasonably fixed at this stage. It would not be meaningful to the Shareholders if the value of the Option is calculated based on a set of speculated assumptions. However, in compliance with the Listing Rules, estimated fair valuations of share options granted during the relevant financial year/period will be provided and disclosed to the Shareholders in the relevant annual or interim report of the Company.

Conditions of the adoption of the New Share Option Scheme

The adoption of the New Share Option Scheme is conditional upon (i) the passing of Resolutions 8, 9 and 10; and (ii) the Listing Committee of the Stock Exchange (“**Listing Committee**”) granting approval of the listing of, and permission to deal in, such number of Shares representing the Scheme Mandate Limit to be allotted and issued by the Company pursuant to the grant of options in accordance with the terms and conditions of the New Share Option Scheme. Application will be made to the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares that may be allotted and issued by the Company in respect of all Options to be granted under the New Share Option Scheme.

General

There is no trustee appointed by the Company in respect of the New Share Option Scheme.

The New Share Option Scheme will constitute a share scheme under Rules 17.02 to 17.11 of the Listing Rules. The terms of the New Share Option Scheme are in accordance with the applicable provisions of Chapter 17 of the Listing Rules.

A summary of the principal terms of the New Share Option Scheme is set out in Appendix III to this circular. The full terms of the New Share Option Scheme will be published on the website of the Stock Exchange at www.hkexnews.hk and the Company’s website for a period of 14 days before the date of the AGM and will be made available for inspection at the AGM.

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As at the Latest Practicable Date, no Shareholder had a material interest in the adoption of the New Share Option Scheme. As such, no Shareholder is required to abstain from voting on the resolution(s) in relation thereto.

5. AGM

A notice of AGM is set out on pages 47 to 53 of this circular.

To the best knowledge of the Directors, no Shareholder is required to abstain from voting in respect of any of the resolutions proposed at the AGM pursuant to the Listing Rules.

A form of proxy for use at the AGM is enclosed with the Annual Report. In order to be valid, the form of proxy must be completed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney or authority at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude Shareholders from attending and voting in person at the AGM should they so wish and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

6. RESPONSIBILITY STATEMENT

This circular (including its appendices), for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular (including its appendices) is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular (including its appendices) misleading.

Closure of Register of Members

For the purpose of determining the identity of the Shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from 18 August 2023 (Friday) to 23 August 2023 (Wednesday) (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the AGM to be held on 23 August 2023 (Wednesday), all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 17 August 2023 (Thursday).

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For the purpose of determining the Shareholders who are entitled to receive the proposed final dividend for the year ended 31 March 2023, the register of members of the Company will be closed from 29 August 2023 (Tuesday) to 31 August 2023 (Thursday) (both days inclusive), during which period no transfer of Shares will be registered. Subject to approval of the Shareholders at the AGM, the proposed final dividend will be payable, on or about 3 October 2023 (Tuesday), to the Shareholders whose names appear on the register of members of the Company on 31 August 2023 (Thursday). In order to qualify for the proposed final dividend, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 28 August 2023 (Monday).

Voting by Way of Poll

Pursuant to Rule 13.39(4) of the Listing Rules and Bye-law 66 of the Bye-laws of the Company, at any general meeting of the Company, a resolution put to the vote of the meeting shall be taken by poll, other than resolution which relates purely to a procedural or administrative matter which may be decided by the chairman in good faith to be voted by a show of hands. The Company will appoint a scrutineer to handle vote-taking procedures at the AGM. The results of the poll will be published on the websites of the Stock Exchange and the Company in accordance with Rule 13.39(5) of the Listing Rules.

Recommendation

The Directors are of the opinion that the resolutions to be proposed at the AGM as referred in this circular are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of all the relevant resolutions to be proposed at the AGM.

General Information

Your attention is also drawn to the additional information set out in the Appendices to this circular.

Yours faithfully,
On behalf of the Board
CHINA GAS HOLDINGS LIMITED
LIU Ming Hui
Chairman and President

* *For identification purposes only*

This explanatory statement contains all the information required pursuant to Rule 10.06(1)(b) of the Listing Rules.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company was 5,440,335,772 Shares.

Subject to the passing of the ordinary resolution granting the Repurchase Mandate and on the basis that there are no changes in the Company's issued and fully paid share capital from the Latest Practicable Date to the date of AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 544,033,577 Shares.

2. REASONS FOR SHARE REPURCHASE

The Directors believe that the Repurchase Mandate is in the best interests of the Company and its Shareholders as a whole.

Whilst it is not possible to anticipate in advance any specific circumstance in which the Directors might consider being appropriate to repurchase the Shares, they believe that an ability to do so would give the Company flexibility that would be beneficial to the Company and the Shareholders. Such repurchases may, depending on market conditions and funding arrangements at that time, lead to an enhancement of the net asset value per Share and/or earnings per Share. Repurchases of Shares will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

3. SOURCE OF FUNDS OF REPURCHASE

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and Bye-laws and the applicable laws and regulations of Bermuda. The laws of Bermuda provide that: (i) the amount of capital repaid in connection with a repurchase of Shares may only be paid, with respect to the par value of the Shares to be repurchased, out of either the capital paid up on the relevant Shares, or the funds of the Company that would otherwise be available for dividend or distribution, or the proceeds of a fresh issue of Shares made for the purpose of the repurchase; (ii) the amount of premium payable on repurchase may only be paid out of either the funds of the Company that would otherwise be available for dividend or distribution or out of the share premium account of the Company; (iii) no purchase by the Company of its own Shares may be effected if, on the date on which the purchase is to be effected, there are reasonable grounds for believing that the Company is, or after the purchase would be, unable to pay its liabilities as they become due; and (iv) the Shares so repurchased would be treated as cancelled but the aggregate amount of authorised share capital of the Company would not be reduced.

On the basis of the consolidated financial position of the Company as at 31 March 2023 (being the date to which the latest published audited financial statements of the Company have been made up) and in particular the working capital position of the Company at that time and the number of Shares in issue, the Directors consider that there might be a material adverse impact on the working capital position or the gearing position of the Company in the event that the Repurchase Mandate is exercised in full at any time during the proposed repurchase period. However, no purchase would be made in circumstances that would have a material adverse impact on the working capital position or the gearing position of the Company (as compared with the position disclosed in its latest published audited financial statements).

4. SHARE PRICES

The highest and lowest prices at which the Shares traded on the Stock Exchange during each of the following months up to and including the Latest Practicable Date were as follows:

	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2022		
July	12.64	11.24
August	12.26	10.36
September	11.68	9.16
October	9.71	6.94
November	10.04	7.01
December	11.76	9.55
2023		
January	13.02	11.08
February	12.68	10.86
March	11.80	10.18
April	11.10	9.73
May	11.00	8.65
June	9.68	8.64
July (up to the Latest Practicable Date)	9.19	8.32

5. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate and in accordance with the Listing Rules, the memorandum of association of the Company and Bye-laws and the applicable laws and regulations of Bermuda.

As at the Latest Practicable Date, none of the Directors nor, to the best of their knowledge and belief having made all reasonable enquiries, any of their Close Associates, had any present intention to sell any Shares to the Company in the event that the Repurchase Mandate is approved at the AGM.

As at the Latest Practicable Date, no Core Connected Persons of the Company had notified the Company that they had a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Company is authorised to make purchases of the Shares.

6. EFFECT OF TAKEOVERS CODE

If, as a result of a repurchase of Shares by the Company, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of Rule 32 of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase in the interest of the Shareholder(s), could obtain or consolidate control of the Company and become(s) obliged to make a mandatory general offer in accordance with Rule 26 of the Takeovers Code.

According to the register kept under Section 336 of the SFO and information received by the Company, as at the Latest Practicable Date, the following Shareholders are taken to have 5% or more of the total issued shares of the Company:

Name of Shareholders	Number of Shares interested	Percentage of shareholding in the Company	
		As at the Latest Practicable Date	Assuming that the Repurchase Mandate is exercised in full
Beijing Enterprises Group Company Limited (“ BE Group ”)	1,277,935,143 (<i>Note 1</i>)	23.49%	26.10%
Beijing Enterprises Group (BVI) Company Limited (“ BE Group BVI ”)	1,274,965,143 (<i>Note 1</i>)	23.44%	26.04%
Beijing Enterprises Holdings Limited (“ Beijing Enterprises ”)	1,274,965,143 (<i>Note 1</i>)	23.44%	26.04%
Hong Mao Developments Limited (“ Hong Mao ”)	1,164,911,143 (<i>Note 1</i>)	21.41%	23.79%
Mr. LIU Ming Hui (“ Mr. LIU ”)	975,745,428 (<i>Note 2</i>)	17.94%	19.93%

Name of Shareholders	Number of Shares interested	Percentage of shareholding in the Company	
		As at the Latest Practicable Date	Assuming that the Repurchase Mandate is exercised in full
Joint Coast Alliance Market Development Limited (“ Joint Coast ”)	639,262,200 (<i>Note 3</i>)	11.75%	13.06%
China Gas Group Limited (“ CGGL ”)	569,262,200 (<i>Note 4</i>)	10.46%	11.63%
CHIU Tat Jung Daniel (“ Mr. CHIU ”)	894,077,635 (<i>Note 5</i>)	16.43%	18.26%
First Level Holdings Limited (“ First Level ”)	894,077,635 (<i>Note 5</i>)	16.43%	18.26%
Fortune Dynasty Holdings Limited (“ Fortune Dynasty ”)	893,077,635 (<i>Note 5</i>)	16.42%	18.24%
Fortune Oil Limited (“ Fortune Oil ”)	893,077,635 (<i>Note 5</i>)	16.42%	18.24%
Fortune Oil PRC Holdings Limited (“ Fortune Oil PRC ”)	825,763,744 (<i>Note 5</i>)	15.18%	16.87%

Notes:

1. BE Group was deemed to be interested in 1,277,935,143 Shares, 2,970,000 of which were directly and beneficially owned by Beijing Holdings Limited, 1,274,965,143 of which were beneficially owned by Beijing Enterprises, and of which 1,164,911,143 were directly and beneficially owned by Hong Mao. Hong Mao was wholly-owned by Beijing Enterprises which was owned as to 0.36% by Beijing Holdings Limited, 41.12% by BE Group BVI, 7.94% by Modern Orient Limited (“**Modern Orient**”) and 12.99% by Beijing Enterprises Investments Limited (“**Beijing Enterprises Investments**”). Modern Orient was wholly-owned by Beijing Enterprises Investments which is owned as to 72.72% by BE Group BVI. BE Group BVI and Beijing Holdings Limited were both wholly-owned by BE Group.
2. Mr. LIU was deemed to be interested in a total of 975,745,428 Shares, comprising:
 - (i) 336,483,228 Shares beneficially owned by him;
 - (ii) 70,000,000 Shares beneficially owned by Joint Coast, a company wholly-owned by Mr. LIU; and
 - (iii) 569,262,200 Shares beneficially owned by CGGL which was owned as to 50% by Joint Coast which, in turn, is wholly-owned by Mr. LIU;

3. Joint Coast was deemed to be interested in a total of 639,262,200 Shares, 70,000,000 Shares of which were directly and beneficially owned and 569,262,200 Shares were directly and beneficially owned by CGGL which was owned as to 50% by Joint Coast which, in turn, was wholly-owned by Mr. LIU.
4. 569,262,200 Shares were beneficially owned by CGGL. CGGL was owned as to 50% by Joint Coast which, in turn, was wholly-owned by Mr. LIU.
5. Each of Mr. CHIU and First Level was deemed to be interested in a total of 894,077,635 Shares, comprising:
 - (i) 569,262,200 Shares beneficially owned by CGGL. CGGL was owned as to 50% by Fortune Oil PRC;
 - (ii) 825,763,744 Shares owned by Fortune Oil PRC, 569,262,200 of which were deemed to be interested through CGGL and 256,501,544 Shares were beneficially owned. Fortune Oil PRC is a wholly-owned subsidiary of Fortune Oil. Fortune Oil is a wholly-owned subsidiary of Fortune Dynasty which is owned as to 70% by First Level;
 - (iii) 27,617,919 Shares beneficially owned by First Marvel Investment Limited which is a wholly-owned subsidiary of Fortune Oil;
 - (iv) 39,695,972 Shares beneficially owned by Fortune Oil Holdings Limited which is a wholly-owned subsidiary of Fortune Oil; and
 - (v) 1,000,000 Shares beneficially owned by First Level which, in turn, is owned as to 99% by Mr. CHIU.

Assuming that from the Latest Practicable Date to the date of AGM there will be no change in the Company's issued and fully paid share capital and none of the Substantial Shareholders of the Company will dispose of its/his Shares, in the event that the Directors exercise in full the Repurchase Mandate, the interests of the above Shareholders would be increased to such percentages of the issued share capital of the Company as set out in the fourth column of the above table. To the best knowledge of the Directors, there are no Shareholder or group of Shareholders acting in concert, who may become obliged to make a mandatory offer under Rule 26 of the Takeovers Code as a consequence of such increase as a result of the Repurchase Mandate exercised in full.

7. SHARE REPURCHASES MADE BY THE COMPANY

The Company repurchased 4,762,600 Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date. Details of the repurchase are as follows:

Date of repurchase	Number of Shares repurchased	Price per Share	
		Highest HK\$	Lowest HK\$
25 May 2023	4,762,600	9.31	9.01

Save as disclosed above, the Company has not made any repurchase of the Shares during the six months prior to the Latest Practicable Date.

As required by the Listing Rules, the particulars of the Directors proposed to be re-elected at the AGM are set out in this Appendix II.

Mr. LIU Ming Hui, aged 60, is currently the chairman of the Board and president of the Company. He is also the chairman of the Executive Committee and the Nomination Committee, a vice chairman of Sustainability Committee and a director of certain subsidiaries of the Company. Mr. LIU was appointed as a non-executive Director of the Company in August 2012 and was elected as an executive Director of the Company in September 2012. Mr. LIU was a non-executive Director of the Company from April 2002 to July 2002, an executive Director of the Company from July 2002 to April 2011 and the managing director of the Company from July 2002 to January 2011. He was re-appointed as the managing director and president of the Company in August 2012. Mr. LIU is the founder of the Group. He is responsible for determination of the Group's strategic development, implementation of reform, overall management of the Strategic Development Committee, talent centre, transformation office and innovative business. Mr. LIU received a bachelor's degree in science from Hebei Normal University in 1984, a master's degree in political economics from the Graduate School of Renmin University of China in 1999 and completed the education of DBA (Doctor of Business Administration) program from the Shenzhen Research Institute of Renmin University of China in 2006. He has substantial experience in the infrastructure and energy industry in China. He is the elder brother of Mr. LIU Mingxing, a non-executive Director of the Company and the father of Ms. LIU Chang, an executive Director of the Company. Mr. LIU is the director of China Gas Group Limited, which has discloseable interest in the shares and underlying shares of the Company under the provisions of Division 2 and 3 of Part XV of the SFO.

Save as disclosed above, Mr. LIU had not held any other directorships in publicly listed companies, whether in Hong Kong or overseas, during the last three years and up to the Latest Practicable Date, nor did he have any relationship with any Directors, senior management or Substantial or Controlling Shareholders of the Company. As at the Latest Practicable Date, Mr. LIU does not hold any other position with the Company and its subsidiaries.

As at the Latest Practicable Date, there was an employment contract (approved by the Shareholders in the 2018 annual general meeting) between the Company and Mr. LIU in his capacity as a Managing Director and President of the Company for a term of 10 years, under which Mr. LIU is entitled to a monthly salary of HK\$756,687, housing allowance of up to HK\$100,000 per month and discretionary bonus (in the form of cash and/or shares of the Company) as may be approved by the Remuneration Committee with reference to his roles and responsibilities and the prevailing market conditions. The basic salary of Mr. LIU shall be reviewed annually and may be adjusted at the discretion of the Remuneration Committee, in accordance with the salary adjustment level of our Group's general staff in the preceding financial year.

Mr. LIU, in his capacity as a Director, has no fixed term of appointment, but he is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws of the Company.

As at the Latest Practicable Date, Mr. LIU was deemed to be interested in 975,745,428 Shares, representing 17.94% of the issued share capital of the Company under Part XV of the SFO, which comprises (i) 336,483,228 Shares beneficially owned by Mr. LIU; (ii) 70,000,000 Shares beneficially owned by Joint Coast, a company wholly-owned by Mr. LIU; and (iii) 569,262,200 Shares beneficially owned by CGGL which is owned as to 50% by Joint Coast, which in turn, is wholly-owned by Mr. LIU.

Save as disclosed above, the Board is not aware of any other information required to be disclosed pursuant to the requirements of Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, nor is there any other matters that needs to be brought to the attention of the Shareholders of the Company.

Ms. LIU Chang, aged 34, is currently a vice president and a member of the Executive Committee of the Company. She is also the deputy general manager of Capital Management Centre (corporate finance and investor relations), the deputy general manager of the Office of the Board and Company Secretarial Department of the Company, the chairperson of Yipin Smart Living Technology Limited* (壹品慧生活科技有限公司), a subsidiary of the Company, and a director of certain subsidiaries of the Company. Ms. LIU is also a director of China Gas Group Limited which has discloseable interest in the shares and underlying shares of the Company under the provisions of Division 2 and 3 of Part XV of the SFO. Ms. LIU was appointed as an executive Director of the Company in April 2020. Before such appointment, she was an alternate director to Mr. LIU Mingxing, a non-executive director of the Company, and his alternate member of the Corporate Governance and Risks Control Committee (“**CGRC Committee**”) from November 2017 to April 2020. Ms. LIU is in charge of value-added services business, digitalization development business, electricity and new energy business and also responsible for legal affairs and corporate finance and investor relations of the Group. From 2016 to 2017, Ms. LIU served as a legal associate at the office of Vitol Inc. in Houston, the USA. She has been admitted to practise law in New York State, the USA. Ms. LIU has obtained the qualification of Chartered Financial Analyst (CFA) and the certification for Cyber Security Competence awarded by the National Internet Emergency Center. Ms. LIU received a bachelor’s degree in economics and finance and a master’s degree in economics from the Hong Kong University of Science and Technology in 2011 and 2012 respectively and a juris doctor degree in law from Cornell Law School in 2016. She has extensive experience in legal affairs, investor relations and operation and management of business. Ms. LIU is the daughter of Mr. LIU Ming Hui, an executive Director of the Company, and the niece of Mr. LIU Mingxing, a non-executive Director of the Company.

Save as disclosed above, Ms. LIU had not held any other directorships in publicly listed companies, whether in Hong Kong or overseas, during the last three years and up to the Latest Practicable Date, nor did she have any relationship with any Directors, senior management or Substantial or Controlling Shareholders of the Company (as defined in the Listing Rules). As at the Latest Practicable Date, Ms. LIU does not hold any other position with the Company and its subsidiaries.

As at the Latest Practicable Date, there is an employment agreement between the Company and Ms. LIU in her capacity as an employee of the Company, and she is entitled to a monthly salary of HK\$200,000 and discretionary bonus as may be approved by the Remuneration Committee with reference to her roles and responsibilities and the prevailing market conditions. The basic salary of Ms. LIU shall be reviewed annually and may be adjusted at the discretion of the Remuneration Committee, in accordance with the salary adjustment level of our Group's general staff in the preceding financial year.

Ms. LIU, in her capacity as a Director, has no designated length of service with the Company but she is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws of the Company.

As at the Latest Practicable Date, Ms. LIU did not hold any Shares and share options entitling her to subscribe for Shares.

Save as disclosed above, the Board is not aware of any other information required to be disclosed pursuant to the requirements of Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, nor is there any other matters that needs to be brought to the attention of the Shareholders of the Company.

Mr. Mahesh Vishwanathan IYER, aged 59, is currently a member of the CGRC Committee of the Company. Mr. IYER was appointed as a non-executive Director of the Company in January 2021. He is currently a director (business development) of GAIL (India) Limited (“GAIL”), a chairman of Central U. P. Gas Limited, a chairman of Konkan LNG Limited, GAIL Global (USA) Inc, GAIL Global (USA) LNG LLC and GAIL Global Singapore Pte. Limited. Mr. IYER has joined GAIL since 1986 and is currently responsible for building GAIL's business portfolio in India and abroad, mergers and acquisitions, petrochemical operation and maintenance and expansion, exploration and production, research and development, start-up, health safety and environment management, quality management and project development. Prior to this, Mr. IYER was an executive director (projects) at GAIL and was responsible for execution of projects. Mr. IYER received a bachelor's degree in electrical engineering at Bhopal University in 1986. He has substantial experience in midstream sector of oil and gas industry.

Save as disclosed above, Mr. IYER had not held any other directorships in publicly listed companies, whether in Hong Kong or overseas, during the last three years and up to the Latest Practicable Date, nor did he have any relationship with any Directors, senior management or Substantial or Controlling Shareholders of the Company. As at the Latest Practicable Date, Mr. IYER does not hold any other position with the Company and its subsidiaries.

As at the Latest Practicable Date, there was no service agreement between the Company and Mr. IYER but Mr. IYER is entitled to a director's fee as may be approved by the Board of the Company with reference to his roles and responsibilities and the prevailing market conditions.

Currently, Mr. IYER, as a non-executive Director, is entitled to an annual director's fee of HK\$264,000 and discretionary bonus. He is also entitled to an annual fee of HK\$66,000 as a member of the CGRC Committee.

Mr. IYER has no designated length of service with the Company but he is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws of the Company.

As at the Latest Practicable Date, Mr. IYER did not hold any Shares and share options entitling him to subscribe for Shares.

Save as disclosed above, the Board is not aware of any other information required to be disclosed pursuant to the requirements of Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, nor is there any other matters that needs to be brought to the attention of the Shareholders of the Company.

Mr. ZHAO Yuhua, aged 55, is currently the chairman of the Audit Committee and a member of each of the Nomination Committee, the Remuneration Committee and the CGRC Committee of the Company. Mr. ZHAO was appointed as an independent non-executive Director of the Company in November 2002. He has been engaging in corporate financing and financial advisory business since 1993. Mr. ZHAO received a bachelor's degree and a master's degree in economics from Nankai University in 1989 and 1993 respectively. He has substantial experience in finance.

Save as disclosed above, Mr. ZHAO had not held any other directorships in publicly listed companies, whether in Hong Kong or overseas, during the last three years and up to the Latest Practicable Date, nor did he have any relationship with any Directors, senior management or Substantial or Controlling Shareholders of the Company. As at the Latest Practicable Date, Mr. ZHAO does not hold any other position with the Company and its subsidiaries.

As at the Latest Practicable Date, there was no service agreement between the Company and Mr. ZHAO but Mr. ZHAO is entitled to a director's fee as may be approved by the Board of the Company with reference to his roles and responsibilities and the prevailing market conditions. Currently, Mr. ZHAO, as an independent non-executive Director, is entitled to an annual director's fee of HK\$264,000 and discretionary bonus. He is also entitled to a total annual fee of HK\$330,000 as the chairman of the Audit Committee and members of each of the Nomination Committee, Remuneration Committee and CGRC Committee.

Mr. ZHAO has no designated length of service with the Company but he is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws of the Company.

As at the Latest Practicable Date, Mr. ZHAO held 2,400,000 Shares.

Save as disclosed above, the Board is not aware of any other information required to be disclosed pursuant to the requirements of Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, nor is there any other matters that needs to be brought to the attention of the Shareholders of the Company.

Mr. ZHANG Ling, aged 67, is currently a member of each of the Audit Committee, the Remuneration Committee and the CGRC Committee of the Company. Mr. ZHANG was appointed as an independent non-executive Director of the Company in November 2017. He is currently a professor and a mentor of doctoral students at the China University of Political Science and Law, a director of the China Law Society, an executive vice president and a legal representative of the Chinese Society of Criminology*, the person-in-charge of the National Victimology Professional Committee* and an officer of the Asian Law (Eastern Asia) Research Institution of the China University of Political Science and Law. Mr. ZHANG served as an independent director of Zhengzhou Sino-Crystal Diamond Co., Ltd. (Shenzhen Growth Enterprise Market Stock Code: 300064) (delisted in June 2022) from June 2014 to May 2020. In 1999, Mr. ZHANG was an external lecturer in the law department of Aichi University in Japan. From 2000 to 2002, Mr. ZHANG was a foreign researcher in the law research centre of Waseda University in Japan. Subsequently, Mr. ZHANG served as the deputy procurator and a committee member of the inspection committee of Beijing Chaoyang People's Procuratorate* during 2004 to 2010, and has been serving as a committee member of the expert consultation committee of the Forth Court of Beijing People's Procuratorate (Railway Inspections)* since 2015. Mr. ZHANG received a master's degree in law from Jilin University in 1987, a doctorate degree in law from the same university in 1995 and a doctorate degree in law from Waseda University in Japan in 2002. He has substantial experience in law and legal affairs, as well as risk management.

Saved as disclosed above, Mr. ZHANG had not held any directorship in publicly listed companies, whether in Hong Kong or overseas, during the last three years and up to the Latest Practicable Date, nor did he have any relationship with any Directors, senior management or Substantial or Controlling shareholders of the Company. As at the Latest Practicable Date, Mr. ZHANG did not hold any other position with the Company and its subsidiaries.

As at the Latest Practicable Date, there was no service agreement between the Company and Mr. ZHANG but Mr. ZHANG is entitled to a director's fee as may be approved by the Board of the Company with reference to his roles and responsibilities and the prevailing market conditions. Currently, Mr. ZHANG, as an independent non-executive Director, is entitled to an annual director's fee of HK\$264,000 and discretionary bonus. He is also entitled to a total annual fee of HK\$198,000 as the members of the Audit Committee, the Remuneration Committee and the CGRC Committee.

Mr. ZHANG has no designated length of service with the Company but he is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws of the Company.

As at the Latest Practicable Date, Mr. ZHANG did not hold any Shares and share options entitling him to subscribe for Shares.

Save as disclosed above, the Board is not aware of any other information to be disclosed pursuant to the requirement of the Rules 13.51(2)(h) and 13.51(2)(v) of the Listing Rules and there are no other matters that needs to be brought to the attention of the Shareholders of the Company.

The following is a summary of the principal terms of the rules of the New Share Option Scheme. It does not form part of, nor is it intended to be part of the rules of the New Share Option Scheme and it should not be taken as affecting the interpretation of the rules of the New Share Option Scheme. The Directors reserve the right at any time prior to the AGM to make such amendments to the New Share Option Scheme as they may consider necessary or appropriate provided that such amendments do not conflict in any material aspects with the summary in this Appendix III.

1. PURPOSE OF THE NEW SHARE OPTION SCHEME

The purpose of the New Share Option Scheme is to (a) recognise and reward the contribution of certain Eligible Participants to the growth and development of the Group and to give incentives thereto in order to retain them for the continual operation and development of the Group; and (b) to attract suitable personnel for further development of the Group.

2. ELIGIBLE PARTICIPANTS OF THE NEW SHARE OPTION SCHEME AND THE BASIS OF DETERMINING ELIGIBILITY OF ELIGIBLE PARTICIPANTS

Eligible Participants include the Employee Participants, the Service Providers and the Related Entity Participants.

Employee Participants include any director and employee of the Group.

Related Entity Participants include the directors, chief executive and employees of the holding companies, fellow subsidiaries or associated companies of the Company, provided that the Board shall have absolute discretion to determine whether or not one falls within such category.

Service Providers include any person who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, including the following persons:

- (i) consultants providing business consulting services to the Group, in relation to the Company's principal business activities involving sale of natural gas, gas connection, engineering design and construction, sale of LPG and value-added services (which include the sale of kitchen-focused household products and services, value-added services provided to corporate customers, customer pipeline maintenance and the sale of value-added products and services for government-led projects) and any other principal business activities the Company may engage in from time to time; and
- (ii) persons or entities that provide marketing, public relations, investor relations and corporate communications-related and other professional services to any member of the Group.

For the avoidance of doubt, Service Providers may not include placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions, as well as professional service providers such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity.

In determining the basis of eligibility of each Eligible Participant, the Board would mainly take into account of the experience of the Eligible Participant on the Group's business, the length of service of the Eligible Participant with the Group (if the Eligible Participant is an employee or a director of any member of the Group), the actual degree of involvement in and/or cooperation with the Group and length of collaborative relationship the Eligible Participant has established with the Group (if the Eligible Participant is a Service Provider of any member of the Group), and the amount of support, assistance, guidance, advice, efforts and contributions the Eligible Participant has exerted and given towards the success of the Group and/or the amount of potential support, assistance, guidance, advice, efforts and contributions the Eligible Participant is likely to be able to give or make towards the success of the Group in the future.

For Employee Participants, assessing factors include: the individual performance, time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard, the length of engagement with the Group and the individual contribution or potential contribution to the development and growth of the Group.

For each category of Service Providers, assessing factors include (where applicable): the individual performance, experience or qualification of the relevant Service Provider, the length of business relationship with the Group, the materiality and nature of the business relationship with the Group, track record in the quality of services and/or cooperation and the actual or expected improvement to the Group which is or may be attributable to the Service Providers. In assessing whether the Service Provider provides services to the Group on a continuing and recurring basis and in its ordinary and usual course of business, the Board shall take into consideration the length and type of services provided/to be provided and the recurrences and regularity of such services, and (where applicable) will benchmark such metrics against the performance of the relevant employees, officers and directors of the Group to whom the Group provides equity incentives, while taking into account the purpose of the New Share Option Scheme and the objectives in engaging the Service Provider, the nature of the services provided/to be provided to the Group by the Service Provider, and whether such services form part of or are necessary or ancillary to the businesses conducted by the Group from time to time.

3. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- 3.1 The total number of Shares which may be issued upon the exercise of all Options to be granted under the New Share Option Scheme and any other schemes of the Company shall not in aggregate exceed 544,033,577, representing 10% of the Shares in issue on the Adoption Date unless the Company obtains an approval from the Shareholders pursuant to sub-paragraph 3.3 below. Options lapsed in accordance with the terms of the New Share Option Scheme or other schemes shall not be counted as utilised for the

purposes of calculating the Scheme Mandate Limit and the Service Provider Sublimit. Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit. If the Company conducts a share consolidation or subdivision after the Scheme Mandate Limit has been approved in general meeting, the maximum number of Shares that may be issued in respect of all Options to be granted under the New Share Option Scheme and other schemes under the Scheme Mandate Limit or the Service Provider Sublimit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole share.

- 3.2 Subject to above sub-paragraph 3.1, within the Scheme Mandate Limit, the total number of Shares which may be issued upon exercise of all options to be granted to Service Providers shall not exceed 54,403,357 Shares, representing 1% of the total number of Shares in issue on the Adoption Date.
- 3.3 The Company may seek approval of its Shareholders in the general meeting for refreshing the Scheme Mandate Limit and the Service Provider Sublimit set out in paragraphs 3.1 and 3.2 above under the New Share Option Scheme after three years from the date of approval by the Shareholders for the adoption of the New Share Option Scheme or the last refreshment.
- 3.4 Any refreshment within any three-year period must be approved by Shareholders subject to that: any controlling Shareholders and their associates (or if there is no controlling Shareholder, directors (excluding independent non-executive directors) and the chief executive of the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting; and the Company must comply with the requirements under Rules 13.39(6), 13.39(7), 13.40, 13.41 and 13.42 of the Listing Rules.
- 3.5 The requirements under paragraphs 3.4 above do not apply if the refreshment is made immediately after an issue of securities by the Company to the Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the Scheme Mandate Limit (as a percentage of the total number of Shares in issue) upon refreshment is the same as the unused part of the Scheme Mandate Limit immediately before the issue of securities, rounded to the nearest whole Share.
- 3.6 The total number of Shares which may be issued in respect of all Options to be granted under the New Share Option Scheme (in aggregate with any other options and awards to be granted under any Other Schemes that involve(s) the issuance of new Shares) under the Scheme Mandate Limit as refreshed shall not exceed 10% of the total number of Shares in issue as at the date of approval of the refreshed Scheme Mandate Limit. The Company shall send to the Shareholders a circular containing all such information as may be required under the Listing Rules.

3.7 The Company may seek separate approval by its Shareholders in its general meeting for granting Options beyond the Scheme Mandate Limit provided that the Options in excess of the Scheme Mandate Limit are granted only to Eligible Participants specifically identified by the Company before such approval is sought. In such a case, the Company shall send to the Shareholders a circular containing the name of each specified Eligible Participant who may be granted such Options, the number and terms of the Options to be granted to each Eligible Participant, and the purpose of granting Options to the specified Eligible Participants with an explanation as to how the terms of the Options serve such purpose and all such information as may be required under the Listing Rules. The number and terms of Options to be granted to such Eligible Participants must be fixed before approval by the Shareholders. In respect of any Options to be granted, the date of Board meeting for proposing such grant should be taken as the Date of Grant for the purpose of calculating the Aggregate Exercise Price.

4. MAXIMUM ENTITLEMENT OF SHARES OF EACH ELIGIBLE PARTICIPANT

Subject to paragraph 21 below, the total number of Shares issued and to be issued upon exercise of the options and awards granted to each Eligible Participant or grantee (including exercised and outstanding options but excluding any options and awards lapsed in accordance with the terms of such schemes) in any twelve (12)-month period up to the Date of Grant shall not exceed 1% of the Shares in issue at the Date of Grant. Where it is proposed that any offer is to be made to an Eligible Participant (or where approximate, an existing grantee) which would result in the Shares issued and to be issued upon exercise of all options and awards granted and to be granted to such person (including exercised, cancelled and outstanding options and awards) in the twelve (12)-month period up to and including the relevant Date of Grant to exceed his, her or its Individual Limit, such offer and any acceptance thereof must be conditional upon approval by the Shareholders in the general meeting with such Eligible Participant (or where appropriate, an existing grantee) and his, her or its associates abstaining from voting. The Company must send a circular to the Shareholders disclosing the identity of the Eligible Participant or grantee, the number and terms of options to be granted (and options previously granted) to such Eligible Participant and the information required under the Listing Rules. The number and terms (including the exercise price) of options to be granted to such Eligible Participant must be fixed before the date on which approval of the Shareholders is sought and the date of the Board meeting for proposing such further grant should be taken as the Date of Grant for the purpose of calculating the Aggregate Exercise Price.

5. ACCEPTANCE OF OFFERS AND GRANT OF OPTIONS

- 5.1 Offers to grant an Option shall be open for acceptance in writing. Such acceptance must be received by the Company within ten (10) business days from the Date of Grant provided that:
- (a) no such offer shall be open for acceptance after the expiry of the Scheme Period (as defined below) or after the Scheme has been terminated; or

- (b) no such offer may be accepted by a person who ceases to be an Eligible Participant after the offer has been made.

5.2 An offer shall be deemed to have been accepted on the date when the duplicate comprising acceptance of the offer is duly signed by the Eligible Participant with the number of Shares in respect of which the offer is accepted clearly stated therein together with a remittance in favour of the Company of HK\$10 per Option by way of consideration for the grant thereof and communicated to the Company in the manner provided in this paragraph 5.2. Such consideration shall not be refundable. All acceptances of offers shall be communicated to the Company by one of the following means:

- (a) by personal delivery to the Company's principal place of business for the time being in Hong Kong (in which case receipt shall be deemed to take place at the time of delivery); or
- (b) by post to the Company's principal place of business for the time being in Hong Kong (in which case receipt shall be deemed to take place on the second day following the date of posting or, in the case of post sent from overseas, on the fifth day following the date of posting); or
- (c) by facsimile transmission to the facsimile number of the Company's principal place of business for the time being in Hong Kong (in which case receipt shall be deemed to take place upon completion of transmission in full).

Upon an offer of the grant of Options being accepted or deemed to have been accepted, each Option Holder gives the Company an unfettered right to publish an announcement relating to the terms of the offer in accordance with the Listing Rules.

6. PERIOD WITHIN WHICH THE OPTION MAY BE EXERCISED

Save as provided in paragraphs 7, 9, 10 and 12 below, Options for the time being outstanding may be exercised in whole or in part at any time during the Option Period. In order for the exercise of an Option to be effective, the Company must, prior to the expiry of the Option Period, have received: (i) a written notice from the Option Holder exercising the Option, signed by or on behalf of the Option Holder and specifying the number of Shares in respect of which the Option is being exercised; and (ii) payment in full of an amount equal to the Exercise Price multiplied by the relevant number of Shares in respect of which such Option is exercised.

Notwithstanding anything in provisions under the New Share Option Scheme to the contrary, the Option Period shall not be extended and, on the expiry of the Option Period, all rights in respect of an Option for the time being outstanding shall terminate, except in so far as there has been an effective exercise of that Option prior thereto and the Company has not discharged all its obligations under the New Share Option Scheme in relation to such exercise.

7. VESTING PERIOD OF OPTION

- 7.1 Save for the circumstances prescribed in sub-paragraph 7.2 below, an Option must be held by the Option Holder for at least 12 months before the Option can be exercised.
- 7.2 A shorter vesting period may be granted to Employee Participants at the discretion of the Board or the Remuneration Committee or any other authorised agent(s) as deemed appropriate at the sole discretion of the Board in any of the following circumstances:
- (a) Grants of “make-whole” Options to new joiners to replace the share awards or options they forfeited when leaving the previous employer;
 - (b) Grants to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out of control event;
 - (c) Grants that are made in batches during a year for administrative and compliance reasons, which include Options that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch. In such case, the vesting period may be shorter to reflect the time from which the Option would have been granted;
 - (d) Grants with a mixed or accelerated vesting schedule such as where the Option may vest evenly over a period of 12 months; and
 - (e) Grants with performance-based vesting conditions in lieu of time-based vesting criteria.

8. EXERCISE PRICE

The Exercise Price (subject to adjustments in accordance with paragraph 15 below) shall be determined on the Date of Grant at the absolute discretion of the Directors as an amount per Share which shall be at least the highest of (a) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the Date of Grant, which must be a trading day; (b) the average of the closing prices of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five (5) trading days immediately preceding the Date of Grant; and (c) the nominal value of the Shares on the Date of Grant, provided that the Exercise Price shall be subject to adjustment in accordance with the provisions of paragraph 15 below.

9. RIGHTS ON WINDING UP

If notice is given of a general meeting of the Company at which a resolution will be proposed for the members’ voluntary winding-up of the Company, the Company shall forthwith give notice thereof to the Option Holders and each Option Holder shall be entitled, at any time not later than two business days prior to the proposed resolution being duly passed, to exercise his outstanding Options in whole or in part, but only so far as such Options shall be subsisting immediately prior to

the passing of such a resolution and the Company shall, as soon as possible and in any event no later than the day immediately prior to the passing of such a resolution, allot and issue such number of Shares to the Option Holders which falls to be issued on such exercise. Subject thereto, all Options then outstanding shall lapse and determine when an order for the winding-up of the Company is made or a resolution is passed for voluntary winding-up.

10. RIGHTS ON A GENERAL OFFER

If, in consequence of any general offer made to all the Shareholders (other than the offeror and/or any person controlled by the offeror and/or any person acting in association or connection with the offeror), including an offer made in the first instance on a condition such that, if it is satisfied, the offeror will have control of the Company or otherwise, any person shall have obtained control of the Company, then the Directors shall as soon as practicable thereafter notify every Option Holder accordingly.

Each Option Holder shall be entitled to exercise at any time within a period of fourteen (14) days after such control has been obtained the Option in whole or in part, unless the Directors (excluding the relevant Option Holder who is a Director) in their discretion notwithstanding the terms of the relevant Option, vary the option exercise period of such Options granted.

11. RIGHTS ON A COMPROMISE OR ARRANGEMENT

If a compromise or an arrangement between the Company and its members or creditors is proposed for the purposes of or in connection with a scheme of reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to all Option Holders on the same date as it despatches the notice to each member or creditor of the Company to consider such a compromise or an arrangement, and thereupon any Option Holder (or where permitted his personal representatives) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of the date falling two calendar months thereafter and the date on which such compromise or arrangement is sanctioned by the Court be entitled to exercise his Option but the exercise of the Option shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective. Upon such compromise or arrangement becoming effective, all Options for the time being outstanding shall lapse except insofar as previously exercised under this paragraph 11. The Company may thereafter require each Option Holder to transfer or otherwise deal with the Shares issued as a result of such exercise of his Option so as to place the Option Holders in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement.

12. RIGHTS ON CEASING EMPLOYMENT, DEATH/DISABILITY OR DISMISSAL

- (a) in the event that the Option Holder ceases to be an Eligible Participant or Related Entity Participant by virtue of a corporate reorganisation of the Company or the Related Entity, then any Options not so exercised shall forthwith lapse;

- (b) in the event the Option Holder ceases to be an Eligible Participant by reason of death before exercising the Option in full and none of the events which would be a ground for termination of the Option Holder's employment, directorship, office, appointment or engagement under sub-paragraph (d) below arises, prior to his or her death, the legal personal representative(s) of the Option Holder shall be entitled within a period of twelve (12) months from the date of death, to exercise the Option up to the entitlement of such Option Holder as at the date of death in whole or in part (to the extent which has become exercisable and not already exercised);
- (c) in the event that the Option Holder ceases to be an Eligible Participant by reason of his or her retirement in accordance with his or her contract of employment or service, any outstanding Option(s) may be exercised during the Option Period subject to the criteria and conditions set out in the offer letter;
- (d) in the event that (i) the Option Holder ceases to be an Eligible Participant by reason other than as described in sub-paragraphs (b) to (c) above, or (ii) the Subsidiary or Related Entity by which a selected participant is employed or, in respect of a deceased or retired selected participant, was employed immediately prior to his death or retirement, ceases to be a Subsidiary or Related Entity of the Company (or of a member of the Group), or (iii) the Board shall at its absolute discretion determine in respect of a Service Provider that (A) the Service Provider or his associate has committed any breach of any contract entered into between the Service Provider or his associate on one part and any member of the Group or any Related Entity on the other part as the Board may in its absolute discretion determine; or (B) the selected participant has been guilty of misconduct, or has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally, or has been convicted any criminal offence involving his integrity or honesty; or (C) the selected participant could no longer make any contribution to the growth and development of any member of the Group or the Related Entity by reason of the cessation of its relationship with the Group or its Related Entity or by any other reasons whatsoever; or (iv) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company), the Option shall automatically lapse forthwith;
- (e) for any reason other than as described in sub-paragraphs (a) to (c) above, then all Options of his or her which are exercisable at the date he or she ceases to be an Eligible Participant may be exercised to the extent then exercisable within three months of the date he or she so ceases and unless so exercised shall then lapse and determine;

provided always that in each case, the Directors in their absolute discretion may decide that such Options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may decide.

13. DURATION OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme will remain in force for a period of 10 years commencing on the Effective Date (“**Scheme Period**”).

14. LAPSE OF OPTION

An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (a) the expiry of the Option Period;
- (b) the expiry of any of the periods referred to in paragraphs 10 and 12 above;
- (c) the date on which the Option Holder commits a breach of paragraph 18 below, if the Directors shall exercise the Company’s right to cancel any outstanding Option or part thereof granted;
- (d) an Option Holder is found to be any person who is resident in place where the grant of the Option or the vesting and transfer of Shares pursuant to the terms of the Scheme is not permitted under the laws and regulation of such place or where in the view of the Board compliance with applicable laws and regulations in such place make it necessary or expedient to exclude such person;
- (e) subject to paragraph 9 above, the date on which an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company;
- (f) the date on which the Option is cancelled by the Directors as provided in paragraph 16 below.

The Company shall owe no liability to an Option Holder for the lapse of any Option under this paragraph 14.

15. ADJUSTMENT

In the event of any alteration in the capital structure of the Company which arises or may arise immediately following the commencement of the Scheme Period from any issue of shares in or other securities of the Company by way of capitalisation of profits or reserves or by way of rights under an offer made pro rata to Shareholders or sub-division or consolidation of shares in the capital of the Company or reduction of the share capital of the Company which the Board considers

an adjustment as necessary or appropriate under this paragraph 15, the number or nominal amount of Shares comprised in each Option for the time being outstanding, the Exercise Price, the Individual Limit in relation to any Option Holder, the amounts of multiples of Shares capable of being exercised pursuant to the New Share Option Scheme, and/or the provisions of the New Share Option Scheme may be adjusted in such manner as the Directors (having received a statement in writing from the independent auditors or independent financial adviser of the Company, acting as experts and not as arbitrators, that in their opinion the adjustments proposed are fair and reasonable having regard to the supplementary guidance set out in the letter issued by the Stock Exchange dated 5 September 2005 and at the same time satisfy the requirements of the Listing Rules) may deem appropriate, provided always that no such adjustment shall have the effect of rendering:

- (a) the Exercise Price payable upon the exercise of any Option becoming less than the nominal amount of the Share;
- (b) the Aggregate Exercise Price relating to any Option being increased;
- (c) the proportion of equity capital, rounded to the nearest whole share of the Company to which the Option Holder is entitled after the adjustment(s) becoming effective not being the same as that to which he was entitled before;
- (d) the aggregate percentage of the issued share capital of the Company available for the grant of Options shall not be greater than the Scheme Mandate Limit (subject to adjustments); and
- (e) the intrinsic value of any Option to have increased to the advantage of the Option Holder.

In addition, in respect of any adjustments under this paragraph 15, other than any made on a capitalisation issue, the auditors or independent financial adviser of the Company must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provision of the Listing Rules.

16. CANCELLATION OF OPTIONS GRANTED BUT NOT EXERCISED

Options granted and accepted but not exercised may not be cancelled without the consent of the relevant Option Holder thereof and any new Options (or any other options) issued in replacement of Options cancelled may only be issued under the New Share Option Scheme (or the Other Schemes) with available Scheme Mandate Limit and Service Provider Sublimit approved by the Shareholders as mentioned in paragraph 3 above. The Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and Service Provider Sublimit.

17. TERMINATION OF THE NEW SHARE OPTION SCHEME

The Company by resolution in the general meeting may at any time terminate the operation of the New Share Option Scheme before the expiry of the Scheme Period and in such event, no further offer to grant an Option shall be made but in all other respects the provisions of the New Share Option Scheme shall remain in force. Upon such termination, details of the Options granted (including options exercised or outstanding) and (if applicable) Options that become void or non-exercisable as a result of the termination under the New Share Option Scheme are required under the Listing Rules to be disclosed in the circular to the Shareholders seeking their approval of the first new scheme established thereunder or refreshment of any scheme mandate limit under any existing Other Scheme after such termination. All Options granted and accepted prior to such termination shall continue to be valid and exercisable in accordance with their terms and the terms of the New Share Option Scheme, and accordingly no relevant disclosure in relation to Options that become void or non-exercisable as a result of the termination will be included in the circular to the Shareholders as such disclosure is not applicable.

18. TRANSFERABILITY OF OPTIONS

An Option shall be personal to the Option Holder and shall not be transferable and no Option Holder shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any security or adverse interest whatsoever in favour of any third party over or in relation to any Option or enter or purport to enter into any agreement to do so, except for a transfer to a vehicle (such as trust or a private company) for the benefit of the grantee and any family members of such grantee for estate planning or tax planning as remitted by the Stock Exchange or under the Listing Rules. Any breach of the foregoing shall entitle the Company to cancel any outstanding Option or part thereof granted to such Option Holder.

19. CANCELLATION OF OPTIONS

The Board shall be entitled for the following causes to cancel any option in whole or in part by giving notice in writing to the grantee stating that such option is thereby cancelled with effect from the date specified in such notice:

- (i) the grantee commits or permits or attempts to commit or permit a breach of restriction on transferability of option or any terms or conditions attached to the grant of the option;
- (ii) the grantee makes a written request to the Board for the option to be cancelled; or
- (iii) if the grantee has, in the opinion of the Board, conducted himself in any manner whatsoever to the detriment of or prejudicial to the interests of the Company or a subsidiary.

The option shall be deemed to have been cancelled with effect from the cancellation date in respect of any part of the option which has not been exercised as at the cancellation date. No compensation shall be payable upon any such cancellation, provided that the Board shall be entitled in its discretion to pay such compensation to the grantee in such manner as it may consider appropriate in any particular case.

Where the Company cancels options granted to a selected participant, and makes a new grant to the same selected participant, such new grant may only be made under the 2023 Share Option Scheme with available Scheme Mandate Limit approved by the Shareholders.

20. ALTERATION OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme may be altered in any respect by a resolution of the Board, provided that the following shall not be carried out except with the prior approval of the Shareholders in general meeting by ordinary resolution:

- (i) any alterations to the terms and conditions of the New Share Option Scheme which are material in nature or any alterations to the provisions of the New Share Option Scheme in relation to the matters set out in Rule 17.03 of the Listing Rules to the advantage of the Eligible Participants;
- (ii) any change to the authority of the Board to alter the terms of the New Share Option Scheme; and
- (iii) any alteration to the aforesaid alteration provisions, provided always that the amended terms of the New Share Option Scheme or the Options shall comply with the applicable requirements of Chapter 17 of the Listing Rules.

Any change to the terms of Options granted to an Eligible Participants must be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Options was approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be). This requirement does not apply where the alterations take effect automatically under the existing terms of the New Share Option Scheme.

21. PERFORMANCE TARGETS AND CLAWBACK MECHANISM

The Board is entitled to impose Performance Targets as it deems appropriate with respect to the entitlement of the Eligible Participant to the Options granted. Such Performance Targets may be set out in the offer letter, and if so, the Eligible Participants shall be required to fulfil such Performance Targets before any Options can be exercised. The Performance Targets may include, without limitation, one or more of the following:

- (i) financial and non-financial parameters, including but not limited to value creation parameters (such as revenue and gross profit);

- (ii) other strategic and organizational health parameters (such as timeliness and accuracy in handling customer feedback and compliance with internal business procedures);
- (iii) aggregate sales volume of the Group generated by the Eligible Participant for the relevant financial year (or the corresponding annual growth rate comparing with that of the immediately preceding financial year);
- (iv) market share of the Group's relevant products or services for the relevant financial year (or the corresponding annual growth rate comparing with that of the immediately preceding financial year); and
- (v) net profit of the Group for the relevant financial year (or the corresponding annual growth rate comparing with that of the immediately preceding financial year).

If any of the following events shall occur during an option period:

- (i) there being a material misstatement in the audited financial statements of the Company that requires a restatement;
- (ii) the grantee having committed an act of fraud, violated confidentially or non-competition obligations owed to the Group, or any leakage by such grantee of the Group's trade secrets, intellectual property or proprietary information;
- (iii) the grantee having engaged in serious misconduct;
- (iv) any conduct of a grantee that has material adverse effect to the reputation or interests of the Group.

the Directors may (but are not obliged to) by notice in writing to the grantee concerned (a) claw back such number of Options granted (to the extent not being exercised) as the Directors may consider appropriate; or (b) extend the vesting period (regardless of whether the initial vesting date has occurred) in relation to all or any of the Options (to the extent not being exercised) to such longer period as the Directors may consider appropriate, in each case without liability on the part of the Company. The Options that are clawed back pursuant to this paragraph will be regarded as cancelled and the options so cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

22. GRANT OF OPTIONS TO CONNECTED PERSONS

22.1 In addition to paragraph 4 above, any grant of Options to an Eligible Participant who is a Director, chief executive or substantial shareholder of the Company or their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is a proposed grantee of the relevant Options) and shall comply with the requirements of Rule 17.04 of the Listing Rules.

22.2 Where Options are proposed to be granted to an independent non-executive Director or a substantial Shareholder, or any of their respective associates and if such grant would result in the total number of Shares issued and to be issued in respect of all options and awards (excluding any options lapsed in accordance with the terms of the New Share Option Scheme) granted to such person in the 12-month period up to and including the date of grant to such person representing in aggregate over 0.1% of the relevant class of Shares, then the proposed grant must be subject to the approval of Shareholders taken on a poll in a general meeting.

22.3 In the circumstances described in paragraph 22.2 above, the Company must send a circular to the Shareholders setting out the details as required under Rule 17.04(5) of the Listing Rules. The relevant Option Holder, his associates and all core connected persons of the Company must abstain from voting in favour at such general meeting. The Company must comply with the requirements set out in Rules 13.40, 13.41 and 13.42 of the Listing Rules.

23. CONDITIONS OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme shall take effect upon satisfaction of the following conditions:

- (a) the passing of an ordinary resolution by the Shareholders in a general meeting to approve the New Share Option Scheme and to authorize the Directors to grant Options to subscribe for Shares hereunder and to allot, issue and deal with Shares pursuant to the exercise of any Options granted under the New Share Option Scheme;
- (b) the approval for the listing of, and permission to deal in, such number of Shares representing the Scheme Mandate Limit to be issued and allotted pursuant to the exercise of the Options in accordance with the terms and conditions of the New Share Option Scheme; and
- (c) any Shares to be issued and allotted pursuant to the exercise of Options under the New Share Option Scheme, being granted by the Listing Committee.

24. RANKING OF SHARES

A Share allotted upon the exercise of an Option for the time being outstanding shall not carry voting rights until completion of the registration of the Option Holder (or any other person) as the holder thereof. If under the terms of a resolution passed or an announcement made by the Company prior to the date of exercise of an Option, a dividend is to be or is proposed to be paid, or Shares are to be issued or proposed to be issued by way of the capitalisation of profits or reserves or by way of rights under an offer made pro rata to Shareholders on the register of members of the Company on a date prior to such date of exercise, the Shares to be issued upon such exercise will not rank for such dividend or such Shares. Subject as aforesaid, Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Bye-laws for the time being in

force and will rank pari passu with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made.

25. RESTRICTION ON THE TIME OF GRANT OF OPTIONS

No offer of an Option shall be made and no Option shall be granted to any Eligible Participant when inside information has come to the Company's knowledge until such inside information has been published in accordance with the Securities and Futures Ordinances (Chapter 571 of the Laws of Hong Kong).

The Board may not grant any options during the period commencing one month immediately before the earlier of:

- (a) the date of the board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (b) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement.



CHINA GAS HOLDINGS LIMITED

中國燃氣控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 384)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the “**AGM**”) of China Gas Holdings Limited (the “**Company**”) will be held at China Gas Building, 188 Meiyuan Road, Luohu District, Shenzhen, Guangdong Province, China at 10:00 a.m. on Wednesday, 23 August 2023 for the following purposes:

AS ORDINARY BUSINESS

To consider and, if thought fit, pass with or without amendments, each of the following resolutions as ordinary resolutions:

1. To receive and approve the audited financial statements and the reports of the directors and the auditors of the Company for the year ended 31 March 2023;
2. To declare a final dividend of HK40 cents per share for the year ended 31 March 2023;
3. (a) To re-elect, each as a separate resolution, the following directors of the Company:
 - i. To re-elect Mr. LIU Ming Hui as an executive Director of the Company;
 - ii. To re-elect Ms. LIU Chang as an executive Director of the Company;
 - iii. To re-elect Mr. Mahesh Vishwanathan IYER as a non-executive Director of the Company;
 - iv. To re-elect Mr. ZHAO Yuhua as an independent non-executive Director of the Company; and
 - v. To re-elect Mr. ZHANG Ling as an independent non-executive Director of the Company;
- (b) To authorise the board of directors of the Company (the “**Board**”) to fix the directors’ remuneration;

* For identification purposes only

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4. To re-appoint the auditors of the Company and to authorise the Board to fix the auditors' remuneration;

AS SPECIAL BUSINESS

To consider and, if thought fit, pass with or without amendments, each of the following resolutions 5, 6, 7, 8, 9 and 10 as ordinary resolutions:

5. **“THAT:**

- (a) subject to paragraph (b) below, the exercise by the directors of the Company (the **“Directors”**) during the Relevant Period (as defined below) of all powers of the Company to repurchase shares of the Company on The Stock Exchange of Hong Kong Limited (**“Stock Exchange”**) or on any other stock exchange on which the shares of the Company may be listed and which is recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or of any other stock exchange (as applicable) as amended from time to time, subject to and in accordance with all applicable laws, rules and regulations and the Bye-laws of the Company, be and is hereby generally and unconditionally approved;

- (b) the aggregate nominal amount of shares of the Company which the Company is authorised to repurchase pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution and the said approval shall be limited accordingly; and

- (c) for the purpose of this resolution:

“Relevant Period” means the period from the time of passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by laws to be held; or
- (iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.”

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6. **“THAT:**

- (a) subject to the following paragraphs of this resolution and subject to and in accordance with all applicable laws, rules and regulations and the Bye-laws of the Company, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares in the share capital of the Company and to make or grant offers, agreements, options and similar rights to subscribe for or convert any security into shares of the Company (including warrants, bonds, notes and debentures convertible into shares of the Company) be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period (as defined below) to make or grant offers, agreements and options (including warrants, bonds, notes and debentures convertible into shares of the Company) which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted or issued (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to:
 - (i) a Rights Issue (as defined below);
 - (ii) an issue of shares pursuant to any specific authority granted by shareholders of the Company in general meeting, including upon the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any bonds, notes, debentures convertible into shares of the Company;
 - (iii) the grant of options and the exercise of any option granted under any share option scheme or similar arrangement for the time being adopted by the Company and/or any of its subsidiaries;
 - (iv) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-laws of the Company; or
 - (v) any adjustment, after the date of grant or issue of any options, rights to subscribe for or convert any security into shares or other securities referred to above, in the price at which shares in the Company shall be subscribed, and/or in the number of shares in the Company which shall be subscribed, on exercise of relevant rights under such options, warrants or other securities, such adjustment being made in accordance with, or as contemplated by, the terms of such options, rights to subscribe or other securities,

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shall not exceed aggregate of 10% of the nominal amount of the share capital of the Company in issue as at the date of this resolution and the said approval shall be limited accordingly; and

(d) for the purpose of this resolution:

“Relevant Period” means the period from the time of passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by laws to be held; or
- (iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.

“Rights Issue” means an offer of shares of the Company or an issue of options, warrants or other securities giving the right to subscribe for shares of the Company, open for a period fixed by the Directors to holders of shares of the Company on the register of members on a fixed record date in proportion to their then holdings of such shares of the Company (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).”

7. “**THAT** conditional upon the passing of resolutions numbered 5 and 6 above set out in this notice, the general mandate granted to the Directors to issue, allot and deal with additional shares of the Company and to make or grant offers, agreements, options and similar rights to subscribe for or convert any security into shares in the Company pursuant to resolution numbered 6 set out in this notice be and is hereby extended by the addition to it of an amount representing the aggregate nominal amount of shares of the Company which are repurchased by the Company pursuant to and since the granting to the Company of the general mandate to repurchase shares in accordance with resolution numbered 5 set out in this notice, provided that such amount shall not exceed 10% of the aggregate nominal amount of shares of the Company in issue as at the date of the passing of this resolution.”

8. “**THAT:**

- (a) conditional upon the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the shares of the Company (the “**Shares**”) which may fall to be issued and allotted pursuant to the exercise of

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any options that may be granted under the New Share Option Scheme (as defined in the circular of the Company dated on the same day as this notice (the “**Circular**”) (the rules of which are contained in the document marked “A” produced to this meeting and signed by the chairman of this meeting for the purpose of identification), the New Share Option Scheme be and is hereby approved and adopted and that any director of the Company be and is hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the New Share Option Scheme including without limitation:

- (i) to administer the New Share Option Scheme under which options will be granted to eligible persons under the New Share Option Scheme to subscribe for Shares;
 - (ii) to modify and/or amend the New Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the New Share Option Scheme relating to modification and/or amendment and subject to Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”);
 - (iii) to issue and allot from time to time such number of Shares as may be required to be issued pursuant to the exercise of the options under the New Share Option Scheme and subject to the Listing Rules;
 - (iv) to make application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in any Shares which may thereafter from time to time be issued and allotted pursuant to the exercise of the options granted under the New Share Option Scheme; and
 - (v) to consent, if they deem fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the New Share Option Scheme.
- (b) subject to and conditional upon the New Share Option Scheme becoming unconditional, the 2013 Share Option Scheme (as defined in the Circular) be and is hereby terminated except that the provisions of the 2013 Share Option Scheme will remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior to its termination, or otherwise as may be required in accordance with the provisions of the 2013 Share Option Scheme.”

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9. “**THAT** subject to and conditional upon the passing of ordinary resolution 8 above, the Scheme Mandate Limit as defined in the Circular (being 10% of the total number of shares of the Company in issue as at the date of adoption of the New Share Option Scheme) be and is hereby approved and adopted and that any director of the Company be and is hereby authorised to take all such steps and attend all such matters, approve and execute (whether under hand or under seal) such documents and do such other things, for and on behalf of the Company, as he/she may consider necessary, desirable or expedient to effect and implement the Scheme Mandate Limit.”
10. “**THAT**, conditional upon the passing of ordinary resolution 8 above, the Service Provider Sublimit as defined in the Circular (being 1% of the total number of shares of the Company in issue as at the date of adoption of the New Share Option Scheme) be and is hereby approved and adopted. Ordinary resolution 8 is not conditional upon the passing of ordinary resolution 10, but ordinary resolution 10 is conditional upon the passing of ordinary resolution 8. In the event that ordinary resolution 8 is passed but ordinary resolution 10 is not passed, the Company will adopt the New Share Option Scheme but the Directors shall alter the New Share Option Scheme to remove references to the grant of Options to Service Providers. In the event that ordinary resolution 10 is passed but ordinary resolution 8 is not passed, the New Share Option Scheme will not be adopted”.

On behalf of the Board
CHINA GAS HOLDINGS LIMITED
LIU Ming Hui
Chairman and President

Hong Kong, 21 July 2023

** For identification purposes only*

Principal Place of Business in Hong Kong:

Room 1601
16th Floor
Capital Centre
151 Gloucester Road
Wan Chai
Hong Kong

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

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Notes:

1. Any shareholder entitled to attend and vote at the above meeting (or at any adjournment thereof) is entitled to appoint one or, if he is a holder of more than one share, more proxies to attend and vote on his behalf. A proxy need not be a shareholder of the Company.
2. A form of proxy for use in connection with the AGM is enclosed with the Company's 2022/23 annual report (the "Annual Report"). In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a copy of such authority notarially certified must be deposited at the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be).
3. For the purpose of determining the identity of the Shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from 18 August 2023 (Friday) to 23 August 2023 (Wednesday) (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the AGM to be held on 23 August 2023 (Wednesday), all transfers of shares accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 17 August 2023 (Thursday).

For the purpose of determining the Shareholders who are entitled to receive the proposed final dividend for the year ended 31 March 2023, the register of members of the Company will be closed from 29 August 2023 (Tuesday) to 31 August 2023 (Thursday) (both days inclusive), during which period no transfer of Shares will be registered. Subject to approval of the shareholders at the AGM, the proposed final dividend will be payable on or about 3 October 2023 (Tuesday) to the Shareholders whose names appear on the register of members of the Company on 31 August 2023 (Thursday). In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 28 August 2023 (Monday).
4. Where there are joint holders of any shares, any one of such joint holders may vote at the meeting (or at any adjournment thereof) personally or by proxy in respect of such shares as if he was solely entitled thereto; but if more than one of such joint holders be present at the meeting, the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
5. A circular containing the information regarding the resolutions to be tabled at the meeting will be sent to the shareholders together with this notice and the Annual Report.
6. As at the date of this Notice, 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.