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CONTINUING CONNECTED TRANSACTIONS —2023 CNG SUPPLY AGREEMENT

Reference is made to the announcement of the Company dated 31 December 2020 in relation to, among other things, supply of CNG between the Group and Zhengzhou Public Transportation for a term of three years commencing from 1 January 2021 and ending on 31 December 2023.

THE 2023 CNG SUPPLY AGREEMENT

The Group's subsidiary, Zhengzhou Sino Gas, and Zhengzhou Public Transportation have entered into a renewed 2023 CNG Supply Agreement on 31 December 2023 in relation to the supply of CNG between the Group and Zhengzhou Public Transportation in order to continue with the transactions under the existing arrangement after its expiry on 31 December 2023, for a further term commencing from 1 January 2024 to 13 March 2025, i.e. the expiry date of the cooperation.

LISTING RULES IMPLICATION

As Zhengzhou Public Transportation is a substantial shareholder of Zhengzhou Sino Gas, a subsidiary of the Company, Zhengzhou Public Transportation is considered as a connected person of the Company at the subsidiary level. Therefore, the transactions contemplated under the 2023 CNG Supply Agreement will constitute continuing connected transactions under Chapter 14A of the Listing Rules.

As (i) Zhengzhou Public Transportation is a connected person of the Company at the subsidiary level; (ii) the transactions contemplated under the 2023 CNG Supply Agreement are on normal commercial terms; (iii) the Board (including all the independent non-executive Directors) have approved the transactions contemplated under the 2023 CNG Supply Agreement and confirmed that the terms of the 2023 CNG Supply Agreement are fair and reasonable and on normal commercial terms and in the interests of the Company and the Shareholders as a whole, by virtue of Rule 14A.101 of the Listing Rules, the transactions contemplated under the 2023 CNG Supply Agreement are only subject to the annual reporting, annual review and announcement requirements, but are exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reference is made to the announcement of the Company dated 31 December 2020 in relation to, among other things, supply of CNG between the Group and Zhengzhou Public Transportation for a term of three years commencing from 1 January 2021 and ending on 31 December 2023.

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The principal terms of the 2023 CNG Supply Agreement are summarised as follows:

Date:

31 December 2023

Parties:

- (1) Zhengzhou Sino Gas (for itself and on behalf of other members of the Group) (as supplier);
- (2) Zhengzhou Public Transportation (as purchaser).

Term (period):

from 1 January 2024 to 13 March 2025

Payment terms:

The gas charges (for CNG) shall be settled by Zhengzhou Public Transportation to Zhengzhou Sino Gas on a monthly basis.

Pricing principles:

The gas charges (for CNG) are determined by the parties (on arm's length basis and in good faith) with reference to (i) prevailing market prices (such market prices are set by market players with reference to the guiding price issued by the Zhengzhou Commodity Price Bureau) of CNG in Zhengzhou City and (ii) prevailing market prices of CNG purchased by Zhengzhou Public Transportation from other Independent Third Parties. The gas charges and other terms shall be no less favourable to the Group than those provided for the supply of CNG by the Group to other Independent Third Parties.

In determining the prevailing market prices of CNG, the Group will consider its procurement cost of CNG and the prices of CNG charged by at least two other CNG suppliers of similar nature near the Group's business operations. The Group's price of CNG will also be approved and executed by the Group's pricing committee and will be subject to any guiding opinion on price issued by the Zhengzhou Commodity Price Bureau upon consultation with market participants. As at the date of this announcement, the Zhengzhou Commodity Price Bureau has not issued any guiding opinion on price of CNG for 2024.

Historical amount

Set out below are the historical amounts under the CNG Supply Agreement for the two years ended 31 December 2021 and 2022 and the eleven months ended 30 November 2023:

	Year ended 31 December 2021	Year ended 31 December 2022	Eleven months ended 30 November 2023
Sales volume for the year/period (million m ³)	21.51	16.82	17.74
Total gas charges (RMB million)	63.81	72.08	83.14

Annual caps and basis of determination

Set out below are the annual caps under the 2023 CNG Supply Agreement for the year ending 31 December 2024 and three months ending 31 March 2025:

	Year ending 31 December 2024	Three months ending 31 March 2025
Sales volume for the year (million m ³)	20.00	5.00
Total gas charges (RMB million)	95.00	23.75

The annual caps under the 2023 CNG Supply Agreement for the year ending 31 December 2024 and three months ending 31 March 2025 were determined based on:

- (a) the historical sales volume and transaction amounts as set out above;
- (b) the expected demand of gas from Zhengzhou Public Transportation for the year ending 31 December 2024 and three months ending 31 March 2025;
- (c) the range of historical market prices of CNG during the two years ended 31 December 2021 and 31 December 2022 and the eleven months ended 30 November 2023 and the anticipated market prices of CNG; and
- (d) the inflation rate of the PRC during the two years ended 31 December 2021 and 31 December 2022 and the eleven months ended 30 November 2023 and the expected inflation rate for the year ending 31 December 2024 and three months ending 31 March 2025.

Internal control measures

In order to ensure that the terms for the supply of CNG under the 2023 CNG Supply Agreement are fair and reasonable and no less favourable than the terms provided to any Independent Third Parties, the Company has adopted the following measures:

- (i) the relevant personnel of the Company will keep track of the sales records on the supply of CNG by the Group to Independent Third Parties for the purpose of ensuring that the price determined by the Group for the supply of CNG will be comparable to, or no less favourable than, the fair market prices for CNG or under similar sales arrangement offered to Independent Third Parties by the Group;
- (ii) the Company will regularly (not less than once per month) compare the terms and prices provided to Zhengzhou Public Transportation with the terms and prices provided from at least two other independent third party suppliers of similar nature (or one such supplier in case Zhengzhou Public Transportation procures CNG from only one additional independent third party supplier);
- (iii) the relevant personnel of the Company will keep track of the aggregate transaction amount for CNG under the 2023 CNG Supply Agreement for the purpose of ensuring that the annual caps will not be exceeded; and
- (iv) the Company has adopted relevant reporting and record-keeping procedures to allow independent non-executive Directors and auditors of the Company to perform annual review of the supply of CNG under the 2023 CNG Supply Agreement and ensure that the transactions conducted under the 2023 CNG Supply Agreement comply with (a) the Company's internal control procedures; (b) the terms of the 2023 CNG Supply Agreement; and (c) relevant laws, regulations, the Company's policies and the Listing Rules.

By implementing the above internal control measures and procedures, the Directors (including the independent non-executive Directors) consider that the Company has sufficient internal control measures and procedures to ensure that the transactions contemplated under the relevant continuing connected transactions will be on normal commercial terms and no less favourable to the Group than those provided to Independent Third Parties.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2023 CNG SUPPLY AGREEMENT

Zhengzhou Public Transportation's principal business activities include the operation of public buses in Zhengzhou City. Pursuant to the joint venture agreement entered into between Beijing Sinogas Company Limited (北京中油潔能環保科技有限責任公司) (which was replaced by HK Investment as the holder of 60% of the registered capital in Zhengzhou Sino Gas on 14 February 2017), Zhengzhou Public Transportation and Sino Gas Hengran Petroleum Gas Company Limited (中油恆燃石油燃氣有限公司), it was agreed among the parties that, Zhengzhou Sino Gas shall supply CNG to Zhengzhou Public Transportation at the prevailing market prices of CNG in Zhengzhou City. During the years ended 31 December 2021 and 2022 and the eleven months ended 30 November 2023 and up to the date of this announcement, Zhengzhou Sino Gas supplied CNG to the public buses operated by Zhengzhou Public Transportation Group at the Group's gas refuelling stations, which are located within the public bus stops of Zhengzhou Public Transportation.

In view of the Group's joint venture agreement with Zhengzhou Public Transportation and given that the supply of CNG is an integral part of the joint venture agreement and grants site usage right of 8 parcels of land on which 8 refuelling stations of the Group operates, the Directors consider that the 2023 CNG Supply Agreement is necessary to maintain the business development of the Group.

DIRECTORS' VIEW ON THE CONTINUING CONNECTED TRANSACTIONS

The Directors (including the independent non-executive Directors) are of the view that the 2023 CNG Supply Agreement are entered into in the ordinary and usual course of business of the Group, on normal commercial terms and on pricing terms no less favourable to the Company than those provided to Independent Third Parties, and the terms and the annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors has any material interest in the 2023 CNG Supply Agreement, and hence no Director was required to abstain from voting on the board resolutions for approving the 2023 CNG Supply Agreement.

INFORMATION ON THE GROUP

The Group is an integrated LPG and natural gas supplier with a complete industry chain in the PRC. The Group primarily engages in the operation of CNG and LNG vehicular refuelling stations (車用加氣站), LPG domestic stations (民用站), CNG Mother Stations (母站) and the LPG and CNG wholesale business in Guangdong Province, Henan Province and Hebei Province, the PRC.

INFORMATION ON ZHENGZHOU PUBLIC TRANSPORTATION

Zhengzhou Public Transportation is a state-owned enterprise established in the PRC and is principally engaged in the operation of public buses in Zhengzhou City, the PRC. According to public records as at the date of this announcement, Zhengzhou Public Transportation is wholly owned by State-owned Assets Supervision and Administrator Commission of Zhengzhou Municipal People's Government (鄭州市人民政府國有資產監督管理委員會).

LISTING RULES IMPLICATIONS

As Zhengzhou Public Transportation is a substantial shareholder of Zhengzhou Sino Gas, a subsidiary of the Company, Zhengzhou Public Transportation is considered a connected person of the Company at the subsidiary level. Therefore, the transactions contemplated under the 2023 CNG Supply Agreement will constitute continuing connected transactions under Chapter 14A of the Listing Rules.

As (i) Zhengzhou Public Transportation is a connected person of the Company at the subsidiary level; (ii) the transactions contemplated under the 2023 CNG Supply Agreement are on normal commercial terms; (iii) the Board (including all the independent non-executive Directors) have approved the transactions contemplated under the 2023 CNG Supply Agreement and confirmed that the terms of the 2023 CNG Supply Agreement are fair and reasonable and on normal commercial terms and in the interests of the Company and the Shareholders as a whole, by virtue of Rule 14A.101 of the Listing Rules, the transactions contemplated under the 2023 CNG Supply Agreement are subject to the annual

reporting, annual review and announcement requirements, but are exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

APPROVAL OF THE BOARD

The Board has approved the transactions contemplated under each of the 2023 CNG Supply Agreement. None of the Directors had material interests in the transactions contemplated under the 2023 CNG Supply Agreement. Therefore, no Director is required to abstain from voting on the resolutions of the Board approving the said agreements.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meanings ascribed to them below:

“2023 CNG Supply Agreement”	the CNG supply agreement dated 31 December 2023 entered into between Zhengzhou Sino Gas as supplier and Zhengzhou Public Transportation as purchaser in relation to the supply of CNG for a further term commencing from 1 January 2024 to 13 March 2025
“Board”	the board of Directors
“CNG”	compressed natural gas, a type of natural gas that is compressed to high density through imposing high-pressure to facilitate the ease and efficiency of transportation
“CNG Supply Agreement”	the CNG supply agreement dated 31 December 2020 entered into between Zhengzhou Sino Gas as supplier and Zhengzhou Public Transportation as purchaser in relation to the supply of CNG for a term of three years commencing from 1 January 2021 and ending on 31 December 2023
“Company”	Sino Gas Holdings Group Limited (中油潔能控股集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1759)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK Investment”	Sino Gas Investment Group Limited (中油投資集團有限公司), a company

		incorporated under the laws of Hong Kong on 24 March 2015 with limited liability and an indirect wholly owned subsidiary of the Company
“Independent Party(ies)”	Third	any person(s) or company(ies) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third party(ies) independent of the Company and its connected persons
“Listing Rules”		the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”		the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Taiwan and Macau Special Administrative Region
“Share(s)”		ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”		holders of the Shares
“Stock Exchange”		The Stock Exchange of Hong Kong Limited
“HK\$”		Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”		renminbi, the lawful currency of the PRC
“Zhengzhou Public Transportation”		Zhengzhou Public Transport Group Company Limited (鄭州市公共交通集團有限公司) (formerly known as “Zhengzhou City Public Transportation Head Company (鄭州市公共交通總公司)”), a state-owned enterprise established under the laws of PRC. By virtue of being the holder of over 10% of the registered capital in Zhengzhou Sino Gas, it is a connected person of the Company at the subsidiary level
“Zhengzhou Sino Gas”		Zhengzhou Sino Gas Bus Fuel Company Limited (鄭州中油潔能巴士燃氣有限公司), a limited liability company established under the laws of PRC and a 60%-owned subsidiary of the Company, and the remaining 38% and 2% was owned by Zhengzhou Public Transportation and Zhengzhou Investment Holdings Company Limited (鄭州投資控股有限公司)
“%”		per cent

By Order of the Board
Sino Gas Holdings Group Limited
Mr. Ji Guang
Chairman

Hong Kong, 31 December 2023

As at the date of this announcement, the directors of the Company are:

Executive Directors:

Mr. Ji Guang (*Chairman*)

Ms. Ji Ling (*Vice-Chairman and Chief Executive Officer*)

Ms. Cui Meijian

Mr. Zhou Feng

Independent non-executive Directors:

Mr. Sheng Yuhong

Mr. Wang Zhonghua

Dr. Zheng Jian Peng