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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)

PROPOSED SPIN-OFF AND SEPARATE LISTING OF YPH INC.

Reference is made to the Company's announcements dated 16 June 2023 and 8 February 2024 in relation to the proposed separate listing of certain value-added service business.

The Company has submitted a proposal in relation to the Proposed Spin-off to the Stock Exchange pursuant to PN15 of the Listing Rules and the Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off.

The Board hereby announces that on 12 November 2024 (New York time), YPH submitted on a confidential basis to the SEC a draft registration statement for a possible Offering.

As at the date of this announcement, YPH is a non-wholly owned subsidiary of the Company. Following completion of the Proposed Spin-off, it is expected that YPH will continue to be a non-wholly owned subsidiary of the Company. The Proposed Spin-off, if materialized, will constitute a deemed disposal of the interest in a subsidiary of the Company under Rule 14.29 of the Listing Rules. Based on the proposed size of the Offering, the highest applicable percentage ratio in respect of the Proposed Spin-off may exceed 5% but it is expected that such percentage ratio will be less than 25%. On this basis, the Proposed Spin-off, if to be proceeded, may constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules, but it is expected that the Proposed Spin-off will not require the Shareholders' approval under the Listing Rules.

The Proposed Spin-off and the Offering are subject to, among other things, review, registration, filing and/or approval with or from, as the case may be, the relevant authorities, and the final decisions of the Company and YPH. Shareholders and potential investors of the Company should be aware that there is no assurance that the Proposed Spin-off or the Offering will take place or as to when it may take place. Shareholders and potential investors of the Company should therefore exercise caution when dealing in or investing in the securities of the Company.

INTRODUCTION

Reference is made to the Company's announcements dated 16 June 2023 and 8 February 2024 in relation to the proposed separate listing of certain value-added service business.

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The Board hereby announces that on 12 November 2024 (New York time), YPH submitted on a confidential basis to the SEC a draft registration statement for a possible Offering.

THE PROPOSED SPIN-OFF

The Proposed Spin-off is currently intended to involve (i) the Offering; and (ii) a distribution in specie of ADSs to the Shareholders (or cash alternative for those Shareholders who are entitled to fractional ADSs, who elect to receive cash in lieu of ADSs, who are located in the U.S. or are U.S. persons (as defined in Regulation S), or are otherwise ineligible holders of ADSs).

The Offering is expected to commence as market conditions permit and is subject to YPH's filings (i) with the SEC a registration statement on Form F-1 in compliance with the U.S. Securities Act of 1933, as amended, and the SEC's declaring such registration statement effective; and (ii) with the CSRC for the Offering. As at the date of this announcement, the number and dollar amount of ADSs proposed to be offered and sold in the Offering have not been determined.

INFORMATION ON YPH

YPH is a limited liability company incorporated in the Cayman Islands and acts as the holding company of the value-added service businesses operated by YPH Group. YPH, pursuant to an internal reorganisation, indirectly owns the entire issued shares of the Target Company (namely Electronic Business Development Company Limited as referred to in the Company's announcement dated 8 February 2024). YPH Group is principally engaged in the sale and provision of kitchen-focused household products and services including, among others, kitchen appliances, gas safety products, other household products and other services including residential upgrade solutions.

As of the date of this announcement, the Company owns 71% of the shares in YPH, while Mr LIU Ming Hui (the chairman and an executive director and a substantial shareholder of the Company) indirectly owns 23.5% of the shares in YPH. The remaining 5.5% of the shares in YPH is held by a special purpose vehicle for the purpose of holding such shares on trust for the grantees of the future share incentive plan of YPH.

REASONS FOR AND BENEFITS OF THE PROPOSED SPIN-OFF

The Company considers the Proposed Spin-off to be commercially beneficial to the Company and YPH and in the interests of the Shareholders as a whole. The Proposed Spin-off would, among other things, enable investors to better value the Group with its focus on the Retained Business and enable the Company to fully focus and deploy its funds towards the development of the Retained Business. Additionally, the Proposed Spin-off would create an additional fund-raising platform in respect of YPH Group, potentially attracting a new investor base seeking focused investments specifically in the kitchen-focused household products and services business. The Proposed Spin-off would also better reflect the value of YPH Group and increase its operational and financial transparency through which investors would be able to appraise and assess the performance and potential of YPH Group separately and distinctly from those of the Retained Group.

ASSURED ENTITLEMENT

In accordance with the requirements of paragraph 3(f) of PN15, the Board proposes to give due regard to the interests of the Shareholders by providing a distribution in specie of ADSs to the Shareholders (or cash alternative for those Shareholders who are entitled to fractional ADSs, who elect to receive cash in lieu of ADSs, who are located in the U.S. or are U.S. persons (as defined in Regulation S), or are otherwise ineligible holders of ADSs). The scale and terms of such assured entitlement have not been finalized and will be announced by the Company in due course.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, YPH is a non-wholly owned subsidiary of the Company. Following completion of the Proposed Spin-off, it is expected that YPH will continue to be a non-wholly owned subsidiary of the Company. The Proposed Spin-off, if materialized, will constitute a deemed disposal of the interest in a subsidiary of the Company under Rule 14.29 of the Listing Rules. Based on the proposed size of the Offering, the highest applicable percentage ratio in respect of the Proposed Spin-off may exceed 5% but it is expected that such percentage ratio will be less than 25%. Therefore, the Proposed Spin-off, if to be proceeded, may constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules, but it is expected that the Proposed Spin-off will not require the Shareholders' approval under the Listing Rules.

The Proposed Spin-off and the Offering are subject to, among other things, review, registration, filing and/or approvals with or from, as the case may be, the relevant authorities, and the final decisions of the Company and YPH. Shareholders and potential investors of the Company should be aware that there is no assurance that the Proposed Spin-off or the Offering will take place or as to when it may take place. Shareholders and potential investors of the Company should therefore exercise caution when dealing in or investing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions shall have the meaning set out below unless the context requires otherwise:

“ADS(s)”	the American Depositary Share(s) to be issued pursuant to a deposit agreement between YPH and a depositary, each representing certain number of shares in YPH, which are expected to be listed on the U.S. Exchange
“Board”	the board of the Directors
“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 (stock code: 384)
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Offering”	an offering of shares in YPH represented by ADSs in the U.S. to be registered with the SEC
“PN15”	Practice Note 15 of the Listing Rules
“PRC”	the People’s Republic of China which, for the purpose of this announcement only, does not include Hong Kong, the Macau Special Administrative Region and Taiwan
“Proposed Spin-off”	the proposed spin-off of YPH, involving the Offering and the proposed separate listing of the ADSs on the U.S. Exchange
“Regulation S”	Regulation S under the United States Securities Act of 1933, as amended

“Retained Business”	the principal business operated by the Retained Group, i.e. (i) investing, constructing, and operating city and township gas pipelines, gas terminals, storage and transport facilities, and gas logistics systems; (ii) transmitting natural gas and LPG to residential, industrial and commercial users; (iii) constructing and operating compressed natural gas/liquefied natural gas fuelling stations; and (iv) developing and applying natural gas and LPG-related technologies
“Retained Group”	the Company and its subsidiaries, excluding YPH Group
“SEC”	the Securities and Exchange Commission of the U.S.
“Share(s)”	the ordinary share(s) of nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“U.S.”	the United States of America
“U.S. Exchange”	either the New York Stock Exchange or the Nasdaq Global Market
“YPH”	YPH Inc., a limited liability company incorporated in the Cayman Islands and a non-wholly owned subsidiary of the Company
“YPH Group”	YPH and its subsidiaries
“%”	percent

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

Hong Kong, 12 November 2024

As at the date of this announcement, Mr. LIU Ming Hui, Mr. HUANG Yong, Mr. ZHU Weiwei, Ms. LI Ching, Ms. LIU Chang and Mr. ZHAO Kun are the executive directors of the Company; Mr. XIONG Bin, Mr. LIU Mingxing, Mr. JIANG Xinhao and Mr. Ayush GUPTA are the non-executive directors of the Company; and Mr. ZHAO Yuhua, Dr. MAO Erwan, Ms. CHEN Yanyan, Mr. ZHANG Ling and Dr. MA Weihua are the independent non-executive directors of the Company.

* For identification purpose only