

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities. This announcement does not constitute an offer to sell or the solicitation of an offer to buy any securities in the United States or any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The securities referred to herein have not been registered under the Securities Act of 1933 of the United States, as amended (hereinafter referred to as “the Securities Act”), and therefore may not be offered, sold, pledged, or otherwise transferred within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) absent registration or an exemption from, or a transaction not subject to, the registration requirements of the Securities Act. Any public offering of securities to be made in the United States will be made by means of a prospectus. Such prospectus will contain detailed information about the company making the offer and its management and financial statements.

You are cautioned not to place any undue reliance on the forward-looking statements (if any) contained herein. The Company cannot give any assurance that these forward-looking statements will prove to have been correct. These forward-looking statements are not guarantee of future performance and are subject to certain risks, assumptions and uncertainties. The Company undertakes no obligation to update or revise any forward-looking statements herein, whether as result of new information, future events or otherwise.



CHINA GAS HOLDINGS LIMITED

中國燃氣控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 384)

**DISCLOSEABLE AND CONNECTED TRANSACTION
AMENDMENTS TO THE ACQUISITION AGREEMENT**

THE AMENDMENT AGREEMENT

Reference is made to:

- (i) the announcement of the Company dated 10 March 2022 in relation to the increase in stake in the Target Company under the Acquisition Agreement, pursuant to which the Group acquired the Sale Shares resulting in an aggregate stake of 71% in the Target Company currently held by the Group;
- (ii) the announcement of the Company dated 16 June 2023 in relation to the Proposed Spin-off for a separate listing of the shares of the Spinco;

- (iii) the announcement of the Company dated 8 February 2024 in relation to the progress of the Proposed Spin-off and the Relevant Date; and
- (iv) the announcement of the Company dated 12 November 2024 in relation to the Proposed Spin-off and separate listing of YPH.

On 15 November 2024 (after trading hours), the Company and the Sellers (namely Mr. LIU and Mr. HUANG) entered into the Amendment Agreement, pursuant to which the parties have conditionally agreed to the amendments to the Acquisition Agreement.

IMPLICATIONS UNDER THE LISTING RULES

Mr. LIU is the chairman and an executive director and a substantial shareholder of the Company. Mr. HUANG is the executive president and an executive director of the Company. Accordingly, each of Mr. LIU and Mr. HUANG is a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Amendment exceeds 5%, the Amendment constitutes a connected transaction of the Company subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Amendment exceeds 5% and all of such percentage ratios are less than 25%, the Amendment also constitutes a discloseable transaction subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As Mr. LIU and Mr. HUANG, being Directors, are also parties to the Amendment Agreement, both of them abstained from voting on the board resolutions to approve the Amendment Agreement and the transactions contemplated thereunder. Ms. LIU Chang and Mr. LIU Mingxing, each a Director, also abstained from voting on such board resolutions by virtue of their relationship with Mr. LIU. Save as disclosed above, none of the Directors had any material interest in such agreement and no Director was required to abstain from voting on the board resolutions for approving such agreement at the meeting of the board of Directors.

GENERAL

The SGM will be convened for the purpose of, among other things, obtaining Independent Shareholders' approval for the Amendment Agreement and the transactions contemplated thereunder. Mr. Liu and Mr. Huang and any of their respective associates will abstain from voting on the relevant resolutions at the SGM.

An independent board committee of the Company comprising all of the independent non-executive Directors has been formed to advise the Independent Shareholders in relation to the fairness and reasonableness of the transactions contemplated under the Amendment Agreement, and Emperor Corporate Finance Limited has been appointed as the independent financial adviser to advise the independent board committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) details of the Amendment Agreement; (ii) a letter of recommendation from the independent board committee (comprising the independent non-executive Directors) in relation to the Amendment Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the independent financial adviser in relation to the Amendment Agreement and the transactions contemplated thereunder; and (iv) the notice of the SGM and other information as required under the Listing Rules is expected to be despatched by the Company to the Shareholders on or before 13 December 2024, as further time may be required to prepare for the circular.

BACKGROUND

Reference is made to:

- (i) the announcement of the Company dated 10 March 2022 in relation to the increase in stake in the Target Company under the Acquisition Agreement, pursuant to which the Group acquired the Sale Shares resulting in an aggregate stake of 71% in the Target Company currently held by the Group;
- (ii) the announcement of the Company dated 16 June 2023 in relation to the Proposed Spin-off for a separate listing of the shares of the Spinco;
- (iii) the announcement of the Company dated 8 February 2024 in relation to the progress of the Proposed Spin-off and the Relevant Date; and
- (iv) the announcement of the Company dated 12 November 2024 in relation to the Proposed Spin-off and separate listing of YPH.

As disclosed in the Company's announcement dated 12 November 2024, on 12 November 2024 (New York time), YPH submitted on a confidential basis to the SEC a draft registration statement for the proposed Offering. YPH is an exempted company with limited liability incorporated in the Cayman Islands and acts as the holding company of the Spin-off Business. YPH, pursuant to an internal reorganisation, indirectly owns the entire issued shares of the Target Company. As of the date of this announcement, the Company owns 71% of the shares in YPH, while Mr. LIU (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.

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. The Spin-off Business operated by YPH Group offers a wide range of household products and services such as kitchen appliances, gas safety products, other household products and other services including residential upgrade solutions. Through the close relationship and cooperation of YPH Group with the other members of the Group, the Spin-off Business operated by YPH Group primarily targets the significant potential user base in the Group's service network.

The Spin-off Business is an important part of the Group's value-added service business. Despite the Proposed Spin-off, it remains the Group's commitment to continue developing the value-added service business, including the Spin-off Business, as part of the Group's key business segments.

Further announcements will be made by the Company in relation to the progress of the Proposed Spin-off as and when appropriate.

AMENDMENTS TO THE ACQUISITION AGREEMENT

The Acquisition Agreement

Pursuant to the Acquisition Agreement, the Company was granted a put option to require the Sellers to jointly and severally purchase from the Company the Sale Shares (or the corresponding shares of the Spinco) or a corresponding portion thereof. The corresponding shares of the Spinco as mentioned above refers to 20% of the total issued shares of YPH owned by the Company as of the date of this announcement.

As disclosed in the announcements of the Company dated 10 March 2022 and 8 February 2024, pursuant to the Acquisition Agreement, the Company had the right to exercise the Put Option upon the occurrence of the following events:

- (a) the Board and (where required under the applicable laws and regulations) the Shareholders having resolved to procure the Listing, namely the listing of the shares of the Spinco on the Hong Kong Stock Exchange or any other stock exchange as recognised by the Company; and
- (b) (i) the Listing does not take place on or before the Relevant Date; or (ii) if Listing takes place on or before the Relevant Date, during the period from the date of Listing up to and including the Relevant Date, there are less than 10 full trading days on which the market capitalisation of the Spinco on the relevant trading day reaches at least HK\$15,000 million based on the closing trading price of the shares of the Spinco as quoted on the relevant stock exchange and the number of shares of the Spinco listed on the relevant stock exchange on such trading day.

Upon the occurrence of the aforementioned events, the Company is entitled (but not obligated) to exercise the Put Option by serving a written notice to the Sellers at any time during the six-month period from the last occurrence of the aforesaid events and the Put Option may be exercised in one or more occasions. Within two months from the date of such notice served to the Sellers (or such later date as the Company may in its sole and absolute discretion determine), the Sellers will jointly and severally pay a consideration of HK\$3,360 million in cash (or the corresponding portion thereof if the Company does not exercise the Put Option in respect of 100% of the Sale Shares (or the corresponding shares in the Spinco)) to the Company or its designated entity(ies) for the purchase of such Sale Shares (or the corresponding shares in the Spinco).

The Amendment Agreement

For the reasons and benefits as described below, the Company proposed to modify limb (b)(ii) of the Put Option pursuant to the Amendment Agreement as described below.

KEY TERMS OF THE AMENDMENT AGREEMENT

The principal terms of the Amendment Agreement are as follows:

Date	15 November 2024
Parties	Buyer to the Acquisition Agreement, namely the Company Sellers to the Acquisition Agreement, namely Mr. LIU and Mr. HUANG
Subject matter	The table below sets out the comparison between the original limb (b)(ii) of the Put Option and the amendments as contemplated under the Amendment Agreement:

Original limb (b)(ii) of the Put Option	Amendments to limb (b)(ii) of the Put Option as contemplated under the Amendment Agreement
(b)(ii) if Listing takes place on or before the Relevant Date, during the period from the date of Listing up to and including the Relevant Date, there are less than 10 full trading days on which the market capitalisation of the Spinco on the relevant trading day reaches at least HK\$15,000 million based on the closing trading price of the shares of the Spinco as quoted on the relevant stock exchange and the number of shares of the Spinco listed on the relevant stock exchange on such trading day.	if Listing takes place on or before the Relevant Date but the market capitalisation of the Spinco does not reach at least HK\$15,000 million based on the final offer price of the shares or securities of the Spinco in the Offering and the total number of shares of the Spinco as enlarged by the Offering.

Condition precedent The implementation of the Amendment Agreement is conditional upon the approval by the Independent Shareholders at the SGM to approve, confirm and ratify the Amendment Agreement and the transactions as contemplated thereunder (the “**Condition Precedent**”), and shall become effective upon fulfilment of the Condition Precedent.

If the Condition Precedent is not satisfied, the Amendment Agreement shall cease and terminate as if the Amendment Agreement had not been entered into.

INFORMATION OF THE RELEVANT PARTIES

Information of the Parties to the Amendment Agreement

The Group is one of the largest trans-regional, integrated energy suppliers and service providers in China. Focusing on China, it is primarily engaged in investing, constructing, and operating city and township gas pipelines, gas terminals, storage and transport facilities, and gas logistics systems; transmitting natural gas and LPG to residential, industrial and commercial users; constructing and operating compressed natural gas/liquefied natural gas fuelling stations; and developing and applying natural gas and LPG-related technologies.

Mr. LIU is the chairman and an executive Director and a substantial shareholder of the Company.

Mr. HUANG is the executive president and an executive Director of the Company.

Certain data of YPH

The table below sets out certain data of YPH for the years ended 31 March 2023 and 2024:

	For the year ended 31 March	
	2023	2024
	(audited)	(audited)
	(HK\$'000)	(HK\$'000)
Net profit before taxation	1,199,697	1,505,012
Net profit after taxation	<u>846,181</u>	<u>1,058,496</u>

As at 31 March 2024, the audited net asset value of YPH amounted to HK\$2,255,102,000.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AMENDMENT AGREEMENT

The original terms of the Put Option may give rise to speculation of whether the Company may exercise the Put Option and sell back its stake in YPH to the Sellers post-Listing, despite achieving an Offering reaching the targeted valuation of HK\$15,000 million at the time of Listing. The original terms of the Put Option may cause uncertainty and market speculation and unnecessary share price fluctuations.

In light of the aforesaid, the Board (other than the independent non-executive Directors whose views will be given after taking into account the advice of the independent financial adviser and Mr. LIU, Mr. HUANG, Ms. LIU Chang and Mr. LIU Mingxing who abstained from voting as disclosed herein) considers that the terms of the Amendment Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms, and in the interest of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Mr. LIU is the chairman and an executive director and a substantial shareholder of the Company. Mr. HUANG is the executive president and an executive director of the Company. Accordingly, each of Mr. LIU and Mr. HUANG is a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Amendment exceeds 5%, the Amendment constitutes a connected transaction of the Company subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Amendment exceeds 5% and all of such percentage ratios are less than 25%, the Amendment also constitutes a discloseable transaction subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As Mr. LIU and Mr. HUANG, being Directors, are also parties to the Amendment Agreement, both of them abstained from voting on the board resolutions to approve the Amendment Agreement and the transactions contemplated thereunder. Ms. LIU Chang and Mr. LIU Mingxing, each a Director, also abstained from voting on such board resolutions by virtue of their relationship with Mr. LIU. Save as disclosed above, none of the Directors had any material interest in such agreement and no Director was required to abstain from voting on the board resolutions for approving such agreement at the meeting of the board of Directors.

GENERAL

The SGM will be convened for the purpose of, among other things, obtaining Independent Shareholders' approval for the Amendment Agreement and the transactions contemplated thereunder. Mr. Liu and Mr. HUANG and any of their respective associates will abstain from voting on the relevant resolutions at the SGM.

An independent board committee of the Company comprising all of the independent non-executive Directors has been formed to advise the Independent Shareholders in relation to the fairness and reasonableness of the transactions contemplated under the Amendment Agreement, and Emperor Corporate Finance Limited has been appointed as the independent financial adviser to advise the independent board committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) details of the Amendment Agreement; (ii) a letter of recommendation from the independent board committee (comprising the independent non-executive Directors) in relation to the Amendment Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the independent financial adviser in relation to the Amendment Agreement and the transactions contemplated thereunder; and (iv) the notice of the SGM and other information as required under the Listing Rules is expected to be despatched by the Company to the Shareholders on or before 13 December 2024, as further time may be required to prepare for the circular.

IMPORTANT

Shareholders and potential investors of the Company should be aware that the consummation of the Proposed Spin-off is subject to, among other things, prevailing market conditions and the review, registration, filing and/or approvals with or from the relevant authorities. There is no assurance that the Proposed Spin-off will take place as contemplated or at all or as to when, where and how it may take place. Accordingly, shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares or other securities of the Company.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Acquisition Agreement”	the acquisition agreement dated 9 March 2022 entered into among the Company and the Sellers in relation to the sale and purchase of the Sale Shares
“ADS”	the American Depositary Share(s) to be issued pursuant to a deposit agreement between YPH and a depositary, each representing certain number of ordinary shares in YPH, which are expected to be listed on the U.S. Exchange
"Amendment"	the amendments to certain terms of the Put Option as contemplated under the Amendment Agreement
“Amendment Agreement”	the amendment agreement dated 15 November 2024 to the Acquisition Agreement entered into among the Company and the Sellers to amend certain terms of the Put Option
“Board”	the board of 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 Hong Kong Stock Exchange (stock code: 384)

“Director(s)”	the director(s) of the Company
“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
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Shareholders”	the Shareholders other than those who are required under the Listing Rules to abstain from voting at the SGM in respect of the Amendment Agreement and the transactions contemplated thereunder
“Listing”	the listing of the Spinco on the Hong Kong Stock Exchange or any other stock exchange as recognised by the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. HUANG”	Mr. HUANG Yong, the executive president and an executive director of the Company
“Mr. LIU”	Mr. LIU Ming Hui, the chairman and an executive director and a substantial shareholder of the Company
“Offering”	the offering to be conducted by the Spinco pursuant to the Listing, namely, as of the date of this announcement, the proposed initial public offering of ordinary shares of YPH represented by ADSs to be registered with the SEC
“Proposed Spin-off”	the proposed spin-off for a separate listing of the Spin-off Business on a recognised stock exchange, namely, as of the date of this announcement, the proposed spin-off of YPH, involving the Offering and the proposed separate listing of the ADSs on the U.S. Exchange
“Put Option”	the put option jointly and severally granted by the Sellers to Company pursuant to the Acquisition Agreement, the terms of which are as disclosed in the announcements of the Company dated 10 March 2022 and 8 February 2024

“Relevant Date”	31 March 2026, as disclosed by the Company in its announcement dated 8 February 2024
“Sale Shares”	the shares of Target Company sold by the Sellers pursuant to the terms and conditions of the Acquisition Agreement, representing, in aggregate, 20% of the total issued shares of the Target Company
“SEC”	the Securities and Exchange Commission of the U.S.
“Sellers”	Mr. LIU and Mr. HUANG
“SGM”	the special general meeting to be convened by the Company for the purpose of, if thought fit, approving the Amendment Agreement and the transactions contemplated thereunder
“Shareholder(s)”	holder(s) of the shares of the Company
“Spinco”	(i) the Target Company, or its holding company that may be incorporated, established or otherwise added as part of the reorganisation to be undertaken by the Target Group, or (ii) any of the members of the Target Group, in either case that will become the vehicle for the Listing, and as of the date of this announcement, the “Spinco” refers to “YPH”
“Spin-off Business”	certain value-added service business operated by YPH Group
“Target Company”	Electronic Business Development Company Limited (電子商務發展有限公司), a company incorporated in the British Virgin Islands with limited liability and currently a wholly-owned subsidiary of YPH pursuant to an internal reorganisation
“Target Group”	the Target Company and its subsidiaries
“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, which is the proposed Spinco as of the date of this announcement

“YPH Group” YPH and its subsidiaries (including the Target Company)

“%” per cent

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

Hong Kong, 15 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*