

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, together 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)

**CONNECTED TRANSACTION
AMENDMENTS TO THE ACQUISITION AGREEMENT
AND
NOTICE OF SPECIAL GENERAL MEETING**

A letter from the Board is set out on pages 5 to 12 of this circular. A letter from the Independent Board Committee is set out on pages 13 to 14 of this circular. A letter from Emperor Corporate Finance Limited, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 15 to 26 of this circular.

A notice convening the SGM of the Company to be held at China Gas Building, 188 Meiyuan Road, Luohu District, Shenzhen, Guangdong Province, China at 10 a.m. on 30 December 2024 (Monday) is set out on pages 35 to 36 of this circular. A form of proxy for use at the SGM is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.chinagasholdings.com.hk>).

Whether or not you intend to attend and vote at the SGM in person, you are requested to complete the form of proxy 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 less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM 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. Also, where terms are defined and used in only one section of this circular, these defined terms are not included in the table below:

“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 entered into among the Company and the Sellers to amend certain terms of the Put Option
“associates”	has the meaning as prescribed to it under the Listing Rules
“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)
“connected person(s)”	has the meaning as prescribed to it under the Listing Rules
“connected transaction”	has the meaning as prescribed to it under the Listing Rules
“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

DEFINITIONS

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	the independent board committee of the Company comprising Mr. ZHAO Yuhua, Dr. MAO Erwan, Ms. CHEN Yanyan, Mr. ZHANG Ling and Dr. MA Weihua, all being independent non-executive Directors, which is formed to advise the Independent Shareholders in respect of the Amendment Agreement and the transactions contemplated thereunder and each of them has confirmed that he/she does not have any material interest in the Amendment Agreement
“Independent Financial Adviser”	Emperor Corporate Finance Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and Independent Shareholders in respect of the Amendment Agreement
“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
“Latest Practicable Date”	22 November 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“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

DEFINITIONS

“Offering”	the offering to be conducted by the Spinco pursuant to the Listing, namely, as of the Latest Practicable Date, 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 Latest Practicable Date, 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 the 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
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting to be convened by the Company to be held at China Gas Building, 188 Meiyuan Road, Luohu District, Shenzhen, Guangdong Province, China at 10 a.m. on 30 December 2024 (Monday) or at any adjournment thereof for the purpose of, if thought fit, approving the Amendment Agreement and the transactions contemplated thereunder
“Shares(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the shares of the Company

DEFINITIONS

“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 Latest Practicable Date, the “Spinco” refers to “YPH”
“Spin-off Business”	certain value-added service business operated by YPH Group
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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
“Wonderful Pearl (BVI) Limited”	a company incorporated in the British Virgin Islands with limited liability
“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 Latest Practicable Date
“YPH Group”	YPH and its subsidiaries (including the Target Company)
“%”	per cent

LETTER FROM THE BOARD



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. Ayush GUPTA

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

29 November 2024

To the Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION
AMENDMENTS TO THE ACQUISITION AGREEMENT
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 15 November 2024 in relation to, among other things, the Amendment Agreement.

* For identification purposes only

LETTER FROM THE BOARD

On 15 November 2024 (after trading hours), after arm's length negotiation, 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 Put Option.

The purpose of this circular is to provide you with, among other things, (i) further 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; (iv) certain information as required to be contained in the circular under the Listing Rules; and (v) a notice of the SGM.

DETAILS OF THE AMENDMENT AGREEMENT

Background

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 the Latest Practicable Date, 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 the 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.

LETTER FROM THE BOARD

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 as of the Latest Practicable Date, which is owned by the Company.

As disclosed in the announcements of the Company dated 10 March 2022 and 8 February 2024, 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; 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.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

**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.

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 (including the independent non-executive Directors, and excluding 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.

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.

LETTER FROM THE BOARD

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 (audited) (HK\$'000)	2024 (audited) (HK\$'000)
Net profit before taxation	1,199,697	1,505,012
Net profit after taxation	846,181	1,058,496

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

IMPLICATIONS UNDER THE LISTING RULES

As at the Latest Practicable Date, 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 at the Latest Practicable Date, as Mr. LIU and Mr. HUANG, being Directors, are also the Sellers in the Acquisition 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 the amendments to the Acquisition Agreement and no Director was required to abstain from voting on the board resolutions for approving the Amendment Agreement at the meeting of the board of Directors.

SGM

The Company will convene an SGM for the Shareholders to consider and, if thought fit, to approve the resolutions in relation to the Amendment Agreement.

A notice convening the SGM to be held at China Gas Building, 188 Meiyuan Road, Luohu District, Shenzhen, Guangdong Province, China at 10 a.m. on 30 December 2024 (Monday) is set out on pages 35 to 36 of this circular.

LETTER FROM THE BOARD

Shareholders whose names appear on the Company's register of members on 30 December 2024 (Monday), will be eligible to attend and vote at the SGM. The transfer books and register of members will be closed from 23 December 2024 (Monday) to 30 December 2024 (Monday), both days inclusive, during which period no transfer of Shares will be registered. In order to determine the identity of Shareholders who are entitled to attend and vote at the SGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 pm on 20 December 2024 (Friday).

A form of proxy for use at the SGM is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.chinagasholdings.com.hk>). To be valid, the form of proxy must be completed and signed 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 that power of attorney or authority at the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the SGM if you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any resolution put to the vote of the Shareholders at a general meeting shall be decided on a poll except where the chairperson of the SGM, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. An announcement on the poll results will be published by the Company after the SGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

Mr. LIU (a chairman and an executive Director of the Company) is deemed to be interested in 977,733,428 Shares (being approximately 17.98% shareholding of the Company) as at the Latest Practicable Date, and will abstain from voting on the relevant resolutions at the SGM. Mr. HUANG (the executive president and an executive Director of the Company) is deemed to be interested in 164,783,200 Shares (being approximately 3.03% shareholding of the Company) as at the Latest Practicable Date, and so Mr. HUANG and Ms. ZHAO Xiaoyu, the spouse of Mr. HUANG will also abstain from voting on such resolutions at the SGM. Mr. LIU Mingxing (a non-executive Director of the Company) beneficially owns 800,000 Shares (being approximately 0.01% shareholding of the Company) as at the Latest Practicable Date, will also abstain from voting on such resolutions at the SGM. Save as disclosed above, to the best knowledge, information and belief of the Board, as at the Latest Practicable Date, no other Shareholder has a material interest in the amendments to the Acquisition Agreement and will be required to abstain from voting on the resolutions for approving the Amendment Agreement and the transactions contemplated thereunder at the SGM.

LETTER FROM THE BOARD

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.

RECOMMENDATION

The Directors (including the independent non-executive Directors, and excluding Mr. LIU, Mr. HUANG, Ms. LIU Chang and Mr. LIU Mingxing who abstained from voting as disclosed herein) consider that the terms of the Amendment Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms, and in the interests of the Company and its shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Amendment Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is also drawn to (i) the letter from the Independent Board Committee set out on pages 13 to 14 of this circular, which contains its recommendation to the Independent Shareholders as to the Amendment Agreement and the transactions contemplated thereunder; (ii) the letter from the Independent Financial Adviser set out on pages 15 to 26 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Amendment Agreement and the transactions contemplated thereunder and reasons considered by it in arriving at its opinion; and (iii) the additional information set out in Appendix I to this circular.

Yours faithfully,
For and on behalf of
China Gas Holdings Limited
LIU Ming Hui
Chairman and President



CHINA GAS HOLDINGS LIMITED

中國燃氣控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 384)

29 November 2024

To the Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION
AMENDMENTS TO THE ACQUISITION AGREEMENT**

We refer to the circular issued by the Company to its shareholders dated 29 November 2024 (the “**Circular**”) of which this letter forms part. Capitalised terms defined in the Circular shall have the same meaning in this letter unless the context otherwise requires.

We have been appointed by the Board to advise the Independent Shareholders on whether the terms of the Amendment Agreement and the transaction contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group, fair and reasonable and in the interest of the Company and the Shareholders as a whole. Emperor Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect.

We wish to draw your attention to (i) the letter from the Board; and (ii) the letter from the Independent Financial Adviser set out in the Circular. Having considered the principal factors and reasons considered by, and the opinion and advice of, the Independent Financial Adviser as set out in its letter of advice contained in the Circular, we consider that (i) the terms of the Amendment Agreement and the transactions contemplated thereunder are on normal commercial terms after arm’s length negotiations between the parties, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole; and (ii) although the Amendment Agreement is not conducted in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole.

** For identification purposes only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions approving the Amendment Agreement and transactions contemplated thereunder at the SGM.

Yours faithfully,

For and on behalf of the

Independent Board Committee

Mr. ZHAO Yuhua

Dr. MAO Erwan

Ms. CHEN Yanyan

Mr. ZHANG Ling

Dr. MA Weihua

Independent Non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of the letter prepared by Emperor Corporate Finance Limited setting out its advice to the Independent Board Committee and the Independent Shareholders for inclusion in this circular.



英皇企業融資有限公司
Emperor Corporate Finance Limited

29 November 2024

To the Independent Board Committee and the Independent Shareholders of China Gas Holdings Limited

Dear Sirs,

CONNECTED TRANSACTION AMENDMENTS TO THE ACQUISITION AGREEMENT

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Amendment Agreement, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 29 November 2024 (the “**Circular**”), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

As stated in the announcement of the Company dated 15 November 2024 in respect of the Amendment Agreement, on 15 November 2024 (after trading hours), the Company and Sellers entered into the Amendment Agreement, pursuant to which, the parties have conditionally agreed to the Amendments to the Put Option.

As at the Latest Practicable Date, 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.

The Independent Board Committee, comprising Mr. ZHAO Yuhua, Dr. MAO Erwan, Ms. CHEN Yanyan, Mr. ZHANG Ling and Dr. MA Weihua, being all the independent non-executive Directors, has been established to advise the Independent Shareholders as to whether the terms of the Amendment Agreement are fair and reasonable and on normal commercial terms and whether the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the SGM. As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Shareholders.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationships with or interests in the Group, the Sellers, the Directors or any other parties that could reasonably be regarded as relevant to our independence. In the last two years prior to the Latest Practicable Date, there was no engagement between the Company and us. Apart from normal professional fees paid or payable to us in connection with this appointment, no arrangement exists whereby we had received or will receive any fees or benefits from the Company. Accordingly, we consider that we are eligible to give independent advice to the Independent Board Committee and the Independent Shareholders in respect of the Amendment Agreement and the transactions contemplated thereunder.

BASIS OF OUR OPINION

We have performed relevant procedures and steps which we deemed necessary in forming our opinions to the Independent Board Committee and the Independent Shareholders. These procedures and steps include, among other things, review of relevant agreements, documents as well as information provided by the Company and verified them, to an extent, with the relevant public information, statistics and market data, industry guidelines and regulations as well as information, facts and representations provided, and the opinions expressed, by the Company and/or the Directors and/or the management of the Group (the “**Management**”). The documents reviewed include, but are not limited to, the Acquisition Agreement and the Amendment Agreement, the announcement of the Company dated 10 March 2022 in relation to the Acquisition Agreement, the announcement of the Company dated 16 June 2023 in relation to the Proposed Spin-off, the announcement of the Company dated 8 February 2024 in relation to the Proposed Spin-off and Relevant Date, the announcement of the Company dated 15 November 2024 in relation to the Amendment Agreement, the annual report of the Company for the 12 months ended 31 March 2023 (the “**2023 Annual Report**”), the annual report of the Company for the year ended 31 March 2024 (the “**2024 Annual Report**”) and the Circular. We have assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its management and/or the Directors, which have been provided to us. We have assumed that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the Management are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the Circular. The Shareholders will also be informed as soon as practicable when there are any material changes to the information contained or referred to herein as well as changes to our opinion, if any, after the Latest Practicable Date.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Directors and the management of the Group, nor have we conducted any form of an in-depth investigation into the business and affairs or future prospects of the Group or their respective subsidiaries or associates (if applicable). In addition, we have not considered the taxation implication on the Group or the Seller as a result of the execution of the Put Option.

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION

In formulating our opinion in respect of the Amendment Agreement and the transactions contemplated thereunder, we have considered the following principal factors and reasons.

A. Background information of the parties

(a) Information of the Group

As stated in the Letter from the Board, 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.

(i) Financial performance

Set out below is a summary of the audited financial information of the Group for three years ended 31 March 2024 (“FY2022”, “FY2023” and “FY2024” respectively), as extracted from the 2023 Annual Report and 2024 Annual Report:

	For the year ended 31 March		
	2024	2023	2022
	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(audited)
Revenue	<u>81,410,133</u>	<u>91,988,445</u>	<u>88,225,193</u>
Gross Profit for the year	<u>11,304,123</u>	<u>12,034,675</u>	<u>15,738,992</u>
Profit for the year	<u>3,852,887</u>	<u>5,114,424</u>	<u>8,782,870</u>

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FY2023 as compared to FY2022

According to the 2023 Annual Report, the revenue of the Group for FY2023 was approximately HK\$91,988.4 million, representing an increase of approximately 4.3% as compared to approximately HK\$88,225.2 million for FY2022. Such increase was mainly attributable to the increase in revenue from sale of natural gas. The gross profit of the Group for FY2023 amounted to approximately HK\$12,034.7 million as compared to approximately HK\$15,739.0 million for FY2022, representing a decrease in gross profit margins from approximately 17.8% to approximately 13.1%. The suppressed gross profit margin was primarily attributable to the rising procurement costs due to international energy price hikes, compounded by the absence of an effective price pass-through mechanism, which led to a noticeable reduction in the price spread between gas sales and procurement across the industry. The profit of the Group for FY2023 was approximately HK\$5,114.4 million, compared with the profit of approximately HK\$8,782.9 million recorded for FY2022. The decrease in profit was mainly due to the combined effect of (i) shrunk gross profit margin as discussed above, (ii) the increase in finance cost by 27.4% as the results of the increase in average finance costs; and (iii) the reduction in share of result of associates and joint ventures.

FY2024 as compared to FY2023

Meanwhile, according to the 2024 Annual Report, the revenue of the Group decreased by approximately HK\$10,578.3 million, or approximately 11.5%, from approximately HK\$91,988.4 million for FY2023 to approximately HK\$81,410.1 million for FY2024, which was mainly attributable to decrease in sale of both natural gas and LPG and revenue from gas connection which was driven by a sluggish economic environment, particularly in the industrial and property sector, where shrinking industrial output led to lower gas consumption and less gas connection revenue. The gross profit of the Group decreased from approximately HK\$12,034.7 million for FY2023 to approximately HK\$11,304.1 million for FY2024, while the gross profit margins increased slightly from approximately 13.1% to approximately 13.9% mainly due to the gradual implementation of the price pass-through mechanism, and thereby increase the gross profit margin.

The Group recorded a profit of approximately HK\$3,852.9 million for FY2024, representing a decrease of approximately 24.7% as compared to approximately HK\$5,114.4 million in FY2023. The decrease was primarily attributable to the combined effect of (i) decrease in revenue as discussed above, (ii) the increase in finance costs by 14.4% as the results of the increase in average finance costs of US dollar and Hong Kong dollar debt; and (iii) recorded other losses of approximately HK\$764.0 million for FY2024 as compared to other gains of approximately HK\$344.5 million for FY2023.

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(ii) *Financial position*

Set out below is a summary of the consolidated assets and liabilities of the Group as at 31 March 2024 as extracted from the 2024 Annual Report:

	As at 31 March 2024 HK\$'000 (audited)
Total assets	
– Non-current assets	103,450,545
– Current assets	45,247,179
Total liabilities	
– Non-current liabilities	37,568,114
– Current liabilities	50,382,257
Net current liabilities	5,135,078
Net assets	60,747,353
Equity attributable to owners of the Company	53,927,655

As at 31 March 2024, the non-current assets of the Group mainly comprised of (i) property, plant and equipment of approximately HK\$67,521.3 million; (ii) investments in associates of approximately HK\$10,005.8 million; (iii) investment in joint ventures of approximately HK\$12,033.6 million; (iv) goodwill of approximately HK\$3,078.4 million; (v) other intangible assets of approximately HK\$3,244.6 million; (iv) investment properties of approximately of HK\$2,596.5 million; and (vii) right-of-use asset of approximately HK\$2,420.8 million. Meanwhile, the Group's current asset, which amounted to approximately HK\$45,247.2 million, mainly comprised of (i) trade and other receivables of approximately HK\$15,519.6 million; (ii) contract assets of approximately HK\$10,261.0 million; (iii) cash and cash equivalents of approximately HK\$8,094.3 million; and (iv) amounts due from joint ventures of approximately HK\$6,314.7 million.

As at 31 March 2024, the Group's non-current liabilities of approximately HK\$37,568.1 million which mainly comprised of (i) bank and other borrowings of approximately HK\$36,021.9 million; and (ii) deferred tax liabilities of approximately HK\$1,431.3 million. Meanwhile, the current liabilities of the Group, which amounted to approximately HK\$50,382.3 million as at 31 March 2024, mainly comprised of (i) bank and other borrowings of approximately HK\$23,043.4 million; (ii) trade and other payables of approximately HK\$17,628.8 million; and (iii) contract liabilities of approximately HK\$8,568.3 million.

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As at 31 March 2024, the consolidated net current liabilities and net assets of the Group were approximately HK\$5,135.1 million and HK\$60,747.4 million respectively. The Group's current ratio, which was calculated by dividing its current assets with its current liabilities, was approximately 0.9 times as at 31 March 2024.

(b) *Information of the YPH Group and Spin-off Business*

YPH is 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 Latest Practicable Date.

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. 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.

YPH, pursuant to an internal reorganisation, indirectly owns the entire issued shares of the Target Company. As of the date of the Latest Practicable Date, the Company owns 71% of the shares in YPH, while Mr LIU 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.

B. Reason for and benefit of the Amendment Agreement

As disclosed in the Letter from the Board, the Company considers that 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.

We understood that the Spin-off Business has been an important and substantial part of the Group's value-added service business, serving effectively as a growth driver and the Spin-off Business represents certain value-added service business operated by YPH Group. Therefore, through reviewing the performance of the Group's value-added service segment and the relevant business prospect, the importance and the contribution of YPH Group to the growth and profitability of the Group can be understood.

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(a) Review of financial information of value-added service segment of the Group

The following table sets forth the segment revenue and segment profit of the Group for FY2023 and FY2024 as extracted from the 2024 Annual Report:

	For the year ended 31 March	
	2024	2023
		(restated)
	HK\$'000	HK\$'000
	(audited)	(audited)
Revenue (by segment)		
– Sales of natural gas	52,444,694	57,550,916
– Gas connection and engineering design and construction	5,552,166	6,776,066
– Sales of LPG	17,980,918	22,499,530
– Value-added services	3,654,898	3,455,031
– Other businesses	1,777,457	1,706,902
Total revenue	81,410,133	91,988,445
Segment profit		
– Sales of natural gas	3,062,678	2,919,829
– Gas connection and engineering design and construction	1,304,202	1,647,445
– Sales of LPG	120,064	67,889
– Value-added services	1,582,032	1,496,217
– Other businesses	642,247	509,607
Total segment profit	6,711,223	6,640,987

We noted from the 2024 Annual Report that the segment revenue and the segment profit of the value-added service of the Group exhibited a steady performance, showing both revenue growth and profitability improvements.

In FY2024, the value-added services segment recorded a revenue of approximately HK\$3,654.9 million, reflecting a year-on-year increase of approximately 5.8% from FY2023 of approximately HK\$3,455.0 million. In terms of profitability, the increase segment profit was in line with its revenue growth, from approximately HK\$1,496.2 million for FY2023 to HK\$1,582.0 million for FY2024, reflecting an approximately 5.7% growth. Such growth is particular noteworthy especially given the decrease in revenue from other segments, such as sales of LPG and natural gas and gas connection and engineering design and construction. The value-added service segment remained a stable contributor to the Group's overall profit. As advised by the Company, such growth reflected the Group's continued efforts to optimise its product offerings and tap into new market opportunities.

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Furthermore, we noted that the value-added services segment represented a larger share of the Group's overall profitability. Even though the revenue contribution of this segment remained relatively modest at 4.5% of total revenue in FY2024, up from 3.8% in FY2023, its segment profit contribution was 22.5% and 23.6% in FY2023 and FY2024 respectively, reflecting the importance of value-added services segment to the Group.

Further to the discussion with the Company, there are enormous potential for future development in value-added service business. The Management is of the view that the strategic initiatives, including the continuous expansion of kitchen-focused household product and service offering positions YPH Group to effectively capture the rising demand for residential upgrade solutions. The Management expects that, by leveraging YPH Group's omni-channel service network and expansion of product and service offering, the revenue from value-added business products and services to be generated from YPH Group shall continue to scale up.

(b) Opportunities of recent government policies

We noticed that the State Council of the People's Republic of China ("PRC") issued "Notification on Promoting Large-Scale Equipment Upgrades and Consumer Goods Trade-In Initiatives*" (《推動大規模設備更新和消費品以舊換新行動方案》的通知) on 13 March 2024 and the Ministry of Commerce of the PRC issue the "Notification on Promoting Trade-In Initiatives*" (《推動消費品以舊換新行動方案》的通知) on 27 March 2024 (collectively, the "Notifications"). The Notifications set forth a comprehensive action plan to promote, among other things, household appliances renewal through government subsidies and incentives for trading in old appliance, as well as home improvement and kitchen/bathroom renewal via financial support for renovation and corporate promotions.

By incentivizing the replacement of outdated appliance with energy-efficient and intelligent products, the policy creates a forward-looking consumption environment. From the market perspective, the Notifications are expected to stimulate consumer demand by lowering the financial barriers to purchasing new and energy-efficient products. The provision of government subsidies make it more affordable for consumers to upgrade their household appliances, which is likely to drive higher sales volumes across various sectors, particularly in the smart home markets. This increased affordability, coupled with enhanced product offerings, positions the market for sustained growth and innovation, reinforcing the demand for both products and associated value-added services.

With YPH Group's well-established branding, a diverse range of product and service offering and the robust omni-channel sales network that interconnected online and offline channels, it is believed that the value-added service business of YPH Group, by leveraging its key strengths, is well-positioned to benefit from the policies outlined in the Notifications.

Overall, the value-added services segment of the Group, to which the Spin-off Business has contributed an important and substantial part of, has shown strong

* For identification purposes only

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performance in both FY2023 and FY2024, making it a critical component of the Group's profit structure. In light of above and the positive prospects arise from the Notifications, we concur with the Board's commitment to maintain a controlling stake in the Spin-off Business, which enables the Group to remain well-positioned to capitalize on emerging opportunities in the value-added service business sector.

C. The Amendment Agreement

Set out below are the key terms of the Amendment Agreement, details of which are set out under the section headed "The Amendment Agreement" of the Letter from the Board.

Date	15 November 2024
Parties	Buyer to the Acquisition Agreement, namely the Company; and 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.

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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.

D. Assessment of the principal terms of the Amendment Agreement

As stated in the Letter from the Board, the Board is of the view that 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.

(a) Strengthen Shareholders confidence

The original terms of the Put Option inadvertently give rise to the speculation among Shareholders that the Company might sell back its stake in the Spinco to the Sellers, even if the Spinco had achieved the targeted market capitalisation upon the Offering. Most importantly, such perception could create uncertainty regarding the stability in the post-Listing shareholder base of the Spinco.

A clear and certain shareholder base is crucial not only for the Spinco but for the Group as a whole. Any uncertainty or speculation about the Company’s continued involvement in the Spinco may deter potential investors from participating in the Offering as the investors are likely to be concerned about the long-term value of the Spinco and its integration with the Group. Moreover, from the perspective of the Shareholders and potential investors of the Group, such uncertainty could also negatively impact their perception of the Group’s future strategic direction as concern may arise to the Group’s long-term commitment to its value-added service business, making the valuation and the market assessment of the Group ambiguous. In such regard, the proposed amendment to the Put Option not only mitigates the perception of a post-Listing divestment triggered by market volatility, but also eliminates the possibility of such post-Listing divestment, thereby affirming the Company’s commitment to retaining its stake in the Spinco.

(b) Alignment of the vesting of the Put Option with the Listing of Spinco

To analyse the effect of the proposed amendment to the Put Option, it is essential to contextualise it with the framework of (i) the acquisition of the Target Group, (ii) the purpose of the Put Option; and (iii) the anticipated Listing. The Put Option was initially structured as part of the Company’s acquisition of the Target Group in 2022 pursuant to the Acquisition Agreement, with the expectation that the value of such investment would

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be realised through the Listing. The Put Option was designed as a safeguard to ensure that if the Listing does not proceed or the Spinco does not achieve the expected valuation, the Company could exercise the Put Option to sell back Sale Shares to the Sellers.

The original terms of the Put Option obscured such connection by created a situation where the evaluation of the investment was not directly linked to the Offering itself but rather to market fluctuations after the Offering. The proposed amendment to the Put Option resolves the issue by making the final price of the Offering (i.e. the initial market capitalisation of the Spinco) as the objective benchmark for determining whether the investment meets the expectations. By using final offer price as the evaluation metric, it ensures the vesting of the Put Option is based on the valuation of the Spinco at the time of the Listing which is determined with reference to the fundamental financial performance, prospect of the Spinco, the results of the bookbuilding activities, prevailing market conditions and sentiments, but not influenced by post-Listing short-term market sentiment, volatility and any external factors unrelated to the fundamental business and financial performance of the Spinco.

(c) Avoid undue burdensome on decision-making

The original terms of the Put Option created unnecessary complexity and uncertainty into the Company's decision-making process in relation to its investment in Spinco. Specifically, the Company would have had to continuously monitor the market capitalisation over an extended period, making it difficult for the Company to confidently determine whether the Put Option could be exercised at any given point. Therefore, the vesting the Put Option could indeed be considered passive for the Company as it could have led to delays in the Company's decision-making and uncertainty regarding the future of its investment in the Spinco.

The proposed amendment to the Put Option simplifies the process by using the final offer price at the time of the Offering as a definitive evaluation point. The simplified mechanism not only allows the Company to avoid the undue burden of continuously tracking on market capitalisation and constantly assessing the potential exercise of the Put Option but enable the Company to make a prompt and decisive decision on when and whether to exercise the Put Option. The benefit of having this clearer and more predictable vesting of the Put Option extends beyond simplifying the timing of the decision. With a more defined understanding of when and how the Put Option will vest, the Company can make early decisions on the allocation of resource that align with investment stake in the Spinco.

The proposed amendment to the Put Option is well-considered that strengthens shareholder confidence, aligns the vesting of the Put Option with the fundamental performance of Spinco upon Listing, and reduces the complexity and uncertainty in decision-making for the Company. The proposed amendment provided an equitable mechanism that provides greater certainty for both Group and its Shareholder in relation to its investment in Spinco. The increased clarity is essential for ensuring the success of the Offering and for maintaining investor confidence in the Group's long-term strategy. As such, we concur with the Board that the Amendment Agreement and transactions contemplated thereunder are in the interests of the Company and its Shareholders as a whole.

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RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Amendment Agreement are on normal commercial terms and are fair and reasonable; and (ii) although the Amendment Agreement is not conducted in the ordinary and usual course of business of the Group, it is in the interests of the Group and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Amendment Agreement and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
Emperor Corporate Finance Limited

Mark Chan
Managing Director

Steve Wong
Director

Mr. Mark Chan is a licensed person and has been a responsible officer of Emperor Corporate Finance Limited registered with the SFC to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO since 2018 and 2016 respectively and has over 10 years of experience in corporate finance.

Mr. Steve Wong is a licensed person and has been a responsible officer of Emperor Corporate Finance Limited registered with the SFC to carry out Type 6 (advising on corporate finance) regulated activities under the SFO since 2020 and has over 10 years of experience in corporate finance.

1. RESPONSIBILITY STATEMENT

This circular, 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 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 misleading.

2. DISCLOSURE OF INTERESTS

Directors' interests in the Company or its associated corporations

As at the Latest Practicable Date, save as disclosed below, none of the Directors or chief executive of the Company had interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered into the register maintained by the Company referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 of the Listing Rules (the “**Model Code**”), to be notified to the Company and the Stock Exchange:

Long positions in the Shares of the Company

Name of Director	Personal interest	Corporate interest	Aggregate interest	Approximate percentage (%) ⁽¹⁾
Mr. LIU Ming Hui (“ Mr. Liu ”) ⁽²⁾	338,471,228	639,262,200	977,733,428	17.98
Mr. HUANG Yong (“ Mr. HUANG ”) ⁽³⁾	164,783,200	–	164,783,200	3.03
Mr. ZHU Weiwei	6,000,000	–	6,000,000	0.11
Ms. LI Ching	2,000,000	–	2,000,000	0.04
Mr. LIU Mingxing	800,000	–	800,000	0.01
Mr. ZHAO Yuhua	2,400,000	–	2,400,000	0.04
Dr. MAO Erwan	2,200,000	–	2,200,000	0.04

Notes:

1. The percentage was calculated on the basis of 5,437,439,199 Shares in issue as at the Latest Practicable Date and is rounded to nearest 2 decimal places.
2. Mr. LIU was deemed to be interested in a total of 977,733,428 Shares, comprising:
 - (i) 338,471,228 Shares beneficially owned by Mr. LIU;
 - (ii) 70,000,000 Shares beneficially owned by Joint Coast Alliance Market Development Limited (“**Joint Coast**”), a company wholly-owned by Mr. LIU; and
 - (iii) 569,262,200 Shares beneficially owned by China Gas Group Limited (incorporated in Hong Kong) (“**CGGL**”), which was owned as to 50% by Joint Coast, which, in turn, is wholly-owned by Mr. LIU.
3. Mr. HUANG was deemed to be interested in a total of 164,783,200 Shares, comprising:
 - (i) 164,013,200 Shares beneficially owned by Mr. HUANG; and
 - (ii) 770,000 Shares held by Ms. ZHAO Xiaoyu, the spouse of Mr. HUANG.

Long positions in the Company's associated corporations (within the meaning of Part XV of the SFO)

Name of Director	Name of associated corporation	Nature of interest	Number of ordinary shares	Approximate percentage (%)
Mr. LIU	China Gas Fortune Marine Transportation Limited	Interest of controlled corporation	189,356,089 ⁽¹⁾	60.00 ⁽²⁾
Mr. LIU	Spinco	Interest of controlled corporation	117,500,000 ⁽³⁾	23.50 ⁽⁴⁾
		Personal	100,000,000 ^{(5) (6)}	20.00 ⁽⁴⁾
Mr. HUANG	Spinco	Personal	100,000,000 ^{(6) (7)}	20.00 ⁽⁴⁾

Notes:

1. Mr. LIU was deemed to be interested in 189,356,089 shares of China Gas Fortune Marine Transportation Limited beneficially owned by China Gas Group Limited (incorporated in Anguilla) which was owned as to 50% by Joint Coast, which, in turn, is wholly-owned by Mr. LIU.
2. The percentage was calculated based on 315,593,482 shares of China Gas Fortune Marine Transportation Limited in issue as at the Latest Practicable Date and is rounded to nearest 2 decimal places.
3. Mr. LIU was deemed to be interested in 117,500,000 shares of Spinco beneficially owned by Wonderful Pearl (BVI) Limited, a company wholly-owned by Mr. LIU.
4. The percentage was calculated based on 500,000,000 shares of Spinco in issue as at the Latest Practicable Date.

5. Mr. LIU was deemed to be interested in 100,000,000 shares of Spinco pursuant to the Put Option granted to him and Mr. HUANG jointly and severally under the Acquisition Agreement and as proposed to be amended by the Amendment Agreement.
6. The Put Option concerns 20% of the total issued shares of Spinco. The total number of issued shares of Spinco is 500,000,000 as of the Latest Practicable Date.
7. Mr. HUANG was deemed to be interested in 100,000,000 shares of Spinco pursuant to the Put Option granted to him and Mr. LIU jointly and severally under the Acquisition Agreement and as proposed to be amended by the Amendment Agreement.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or are required to be entered in the register maintained in accordance with Section 352 of the SFO, or are required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, save as disclosed below, so far as is known to each Director or chief executive of the Company, as at the Latest Practicable Date, no persons, other than a Director or a chief executive of the Company, had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Name	Nature of interest	Number of Shares	Approximate percentage (%)(¹)
Beijing Enterprises Group Company Limited ("BE Group") ⁽²⁾	Interest of controlled corporation	1,286,128,343	23.65
Beijing Enterprises Group (BVI) Company Limited ("BE Group BVI") ⁽²⁾	Interest of controlled corporation	1,282,358,343	23.58
Beijing Enterprises Holdings Limited ("Beijing Enterprises") ⁽²⁾	Beneficial owner and interest of controlled corporation	1,282,358,343	23.58

Name	Nature of interest	Number of Shares	Approximate percentage (%) ⁽¹⁾
Hong Mao Developments Limited ("Hong Mao") ⁽²⁾	Beneficial owner	1,164,911,143	21.42
Joint Coast ⁽³⁾	Interest of controlled corporation	639,262,200	11.76
CGGL ⁽⁴⁾	Beneficial owner	569,262,200	10.47
Mr. CHIU Tat Jung Daniel ("Mr. CHIU") ⁽⁵⁾	Interest of controlled corporation	894,077,635	16.44
First Level Holdings Limited ("First Level") ⁽⁵⁾	Beneficial owner and interest of controlled corporation	894,077,635	16.44
Fortune Dynasty Holdings Limited ("Fortune Dynasty") ⁽⁵⁾	Interest of controlled corporation	893,077,635	16.42
Fortune Oil Limited ("Fortune Oil") ⁽⁵⁾	Interest of controlled corporation	893,077,635	16.42
Fortune Oil PRC Holdings Limited ("Fortune Oil PRC") ⁽⁵⁾	Beneficial owner and interest of controlled corporation	825,763,744	15.19

Notes:

1. The percentage was calculated on the basis of 5,437,439,199 Shares in issue as at the Latest Practicable Date and is rounded to nearest 2 decimal places.
2. BE Group was deemed to be interested in 1,286,128,343 Shares, 3,770,000 of which were directly and beneficially owned by Beijing Holdings Limited, 1,282,358,343 of which were beneficially owned by Beijing Enterprises, and of which 1,164,911,143 Shares were directly and beneficially owned by Hong Mao. Hong Mao was wholly-owned by Beijing Enterprises which was owned as to 0.28% by Beijing Holdings Limited, 41.19% by BE Group BVI, 7.95% by Modern Orient Limited ("Modern Orient") and 13.02% 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.
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 beneficially 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 wholly owned by Mr. CHIU.

As at the Latest Practicable Date, (i) Mr. LIU and Ms. LIU Chang were the directors of CGGL; (ii) Mr. LIU was a director of Joint Coast; and (iii) Ms. LI Ching was a director of Fortune Oil PRC and Fortune Oil Holdings Limited. Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors or proposed Directors was a director or employee of a company which had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, other than Mr. LIU Ming Hui, Mr. HUANG Yong and Mr. ZHU Weiwei, none of the Directors has entered into any service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation). Each of Mr. LIU Ming Hui, Mr. HUANG Yong and Mr. ZHU Weiwei has entered into a term of 10-year senior executive employment contract with the Company. The employment contracts of Mr. LIU Ming Hui and Mr. HUANG Yong were approved by shareholders in the 2018 annual general meeting and the employment contract of Mr. ZHU Weiwei was approved by shareholders in the 2017 annual general meeting. The details were disclosed in the circulars of the Company dated 11 July 2017 and 20 July 2018.

5. COMPETING INTERESTS

As at the Latest Practicable Date, the following Directors had interests in the following businesses (apart from the businesses of the Company or its subsidiaries) conducted through the companies named below, which were considered to compete or be likely to compete, either directly or indirectly, with the principal businesses of the Company or its subsidiaries conducted required to be disclosed pursuant to Rule 8.10(2) of the Listing Rules:

Director	Name of Company	Interest in the Competing Business	Nature of Competing Business
XIONG Bin	Beijing Enterprises	Executive director and chief executive officer	Gas
	BE Group	Assistant to the general manager	Gas
JIANG Xinhao	Beijing Enterprises	Executive director and vice chairman	Gas
	BE Group	Vice general manager	Gas

BE Group is a state-owned enterprise established in the PRC and wholly owned by the State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality. Its principal businesses includes building main natural gas pipeline networks and providing comprehensive gas-related services to cities.

Beijing Enterprises Holdings is a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 392). It is principally engaged in investment holding and its principal businesses includes gas operation.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, nor their respective close associates (as defined in the Listing Rules) was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them were a controlling shareholder).

6. DIRECTORS' INTERESTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 March 2024 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement, subsisting at the date of this circular, which is significant in relation to the business of the Group.

7. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse changes in the financial or trading position of the Group since 31 March 2024, the date to which the latest audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

8. EXPERT

- (a) The following are the qualifications of the expert who has given an opinion or advice which is contained in this circular:

Name	Qualification
Emperor Corporate Finance Limited	A registered institution under the Securities and Futures Ordinance, registered to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities

- (b) As at the Latest Practicable Date, Emperor Corporate Finance Limited has no direct or indirect interest in any asset which have been since 31 March 2024, the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group.
- (c) The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of their reports and reference to their names in the form and context in which they appear.
- (d) The letter and recommendation from Emperor Corporate Finance Limited are given as at the date of this circular for incorporation herein.

9. GENERAL

The English text of this circular shall prevail over the Chinese text in case of inconsistency.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.chinagasholdings.com.hk>) from the date of this circular up to and including 14 days (except public holidays):

- (a) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 13 to 14 of this circular;
- (b) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 15 to 26 of this circular;
- (c) the Acquisition Agreement;
- (d) the Amendment Agreement;
- (e) the written consent of Emperor Corporate Finance Limited referred to under the section headed under “8. EXPERT” in this appendix; and
- (f) this circular.



CHINA GAS HOLDINGS LIMITED

中國燃氣控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 384)

NOTICE IS HEREBY GIVEN that a special general meeting (the “**SGM**”) 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 a.m. on 30 December 2024 (Monday) for the purpose of considering, and if thought fit, passing the following resolution as ordinary resolution of the Company. Unless otherwise defined, capitalised terms used in this notice and the following resolution shall have the same meanings as those defined in the circular of the Company dated 29 November 2024 (the “**Circular**”):

ORDINARY RESOLUTIONS

“THAT:

- (a) the Amendment Agreement and the contents, transactions and arrangements contemplated thereunder (a copy of which has been produced to the SGM marked “A” and signed by the chairman of the SGM for the purpose of identification) be and hereby approved, confirmed and ratified; and
- (b) any one of the directors of the Company be and is hereby authorised to do all such acts and things and to sign all documents and to take any steps as he may consider necessary, desirable or expedient for the purpose of implementing and/or giving effect to the Amendment Agreement and the contents, transactions and arrangements contemplated thereunder.”

On behalf of the Board
China Gas Holdings Limited
LIU Ming Hui
Chairman and President

Hong Kong, 29 November 2024

* For identification purposes only

NOTICE OF SGM

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 HM 11
Bermuda

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 SGM is enclosed with the Circular. 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 SGM, the register of members of the Company will be closed from 23 December 2024 (Monday) to 30 December 2024 (Monday) (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the SGM to be held on 30 December 2024 (Monday), 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 20 December 2024 (Friday).
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.
6. 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.