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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
FORMATION OF JOINT VENTURE**

FORMATION OF JOINT VENTURE

On 6 December 2024 (after trading hours), Smart Energy (a wholly-owned subsidiary of the Company), Shining Innovation and Dragon Media entered into the Joint Venture Agreement, pursuant to which the Joint Venture will be established to invest, develop and operate biomass energy-related projects. The Joint Venture will become a subsidiary of the Company upon its formation and its financial results will be consolidated into the financial statements of the Group.

IMPLICATIONS UNDER THE LISTING RULES

Mr. LIU Ming Hui is the chairman and an executive director and a substantial shareholder of the Company. Mr. HUANG Yong is the executive president and an executive director of the Company. Prof. LIU Mingxing is a non-executive director of the Company and the younger brother of Mr. LIU Ming Hui. Shining Innovation is held by Mr. LIU Ming Hui and Prof. LIU Mingxing as to 50:50. Dragon Media is wholly owned by Mr. HUANG Yong. Accordingly, each of Shining Innovation and Dragon Media is a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

Given that one or more of the applicable percentage ratios (as defined in the Listing Rules) exceeds 0.1% and all of them are less than 5%, the entering into of the Joint Venture Agreement and the transactions contemplated thereunder will constitute a connected transaction of the Company subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

FORMATION OF JOINT VENTURE

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The Joint Venture Agreement contains customary terms for joint ventures of similar nature, and the principal terms of which are as follows:

Date

6 December 2024 (after trading hours)

Parties

- (1) Smart Energy (a wholly-owned subsidiary of the Company)
- (2) Shining Innovation
- (3) Dragon Media

Subscription of shares by the JV Partners

Pursuant to the terms of the Joint Venture Agreement, the amount to be paid by the JV Partners for the initial subscription of shares of the Joint Venture will be as follows:

JV Partners	Subscription amount <i>RMB (million)</i>	Shareholding percentage %
Smart Energy	300	60
Shining Innovation	150*	30
Dragon Media	50*	10
	500	100

* or equivalent amount in other currencies

The Joint Venture will become a subsidiary of the Company upon its formation and its financial results will be consolidated into the financial statements of the Group.

Funding for the Joint Venture

The JV Partners agree that the JV Partners shall contribute their respective capital contributions in full before 1 December 2029 or within 30 working days upon request by the Joint Venture.

The amount of capital contributions was determined after arm's length negotiation between the JV Partners with reference to the total registered share capital of the Joint Venture and their respective shareholding interests in the Joint Venture.

Board and management of the Joint Venture

The board of directors of the Joint Venture shall consist of seven directors, of which four, two and one of whom shall be nominated by Smart Energy, Shining Innovation and Dragon Media, respectively. The chairman of the Joint Venture shall be a director nominated by Smart Energy.

The supervisory committee of the Joint Venture shall be composed of one supervisor, appointed by Smart Energy.

All decisions of the board of the directors of the Joint Venture shall be approved by way of majority vote, save for matters requiring unanimous consent of all directors. All decisions of the JV Partners as shareholders of the Joint Venture shall be decided by majority of shares represented at the meeting by JV Partners present and voting, save for matters requiring unanimous consent of all JV Partners (including amendments to the Joint Venture's articles of association, increase or reduction of the registered capital, resolution of merger, division, dissolution or change in form of the Joint Venture, appointment of shareholders-nominated directors, granting of guarantees to third parties and distribution of profit).

Distribution of profit

The distributable profits of the Joint Venture shall be distributed to the JV Partners in proportion to their respective shareholdings.

Restriction on transfer of equity interests

A transfer of shareholding interests in the Joint Venture by a JV Partner shall require consent from the majority of the remaining JV Partners unless otherwise permitted.

REASONS FOR AND BENEFITS OF THE FORMATION OF THE JOINT VENTURE

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. Smart Energy is a company incorporated in the PRC and a wholly-owned subsidiary of the Company, and is principally engaged in combined heat and power system design.

The formation of the Joint Venture represents a strategic initiative of the Group. The Joint Venture's focus on biomass energy and sustainable energy solutions signifies a new chapter in the Group's expansion within the energy sector. Biomass energy will play an important role in the future green energy market given its numerous advantages including its renewability, environmental friendliness, abundance, and low carbon emissions. The United Nations Environment Programme has been emphasizing the importance of biomass energy in substituting non-renewable energy and fossil fuels. The biomass energy project of the Company was founded and initiated by Prof. LIU Mingxing, who has profound understanding and research on such technology and market. With the support of Mr. LIU Ming Hui and Mr. HUANG Yong, substantial pre-project works were carried out, a business model was innovated and market and technology development teams were formed, with a large portfolio of cutting-edge technologies and projects of biomass energy utilization. The Group believes that the formation of the Joint Venture will propel the rapid development of China Gas in the new energy sector.

The Directors (including the independent non-executive Directors) are of the view that the formation of the Joint Venture are on normal commercial terms and in the ordinary and usual course of business of the Group, and which are fair and reasonable and in the interest of the Company and the Shareholders as a whole. The initial subscription of shares of the Joint Venture by Smart Energy is expected to be satisfied by the internal resources of the Group.

INFORMATION OF THE JOINT VENTURE PARTNERS

Shining Innovation

Shining Innovation is a company incorporated in the British Virgin Islands and is principally engaged in investment holding. Shining Innovation is held by Mr. LIU Ming Hui and Prof. LIU Mingxing as to 50:50.

Dragon Media

Dragon Media is a company incorporated in the British Virgin Islands and is principally engaged in investment holding. Dragon Media is wholly owned by Mr. HUANG Yong.

IMPLICATIONS UNDER THE LISTING RULES

Mr. LIU Ming Hui is the chairman and an executive director and a substantial shareholder of the Company. Mr. HUANG Yong is the executive president and an executive director of the Company. Prof. LIU Mingxing is a non-executive director of the Company and the younger brother of Mr. LIU Ming Hui. Shining Innovation is held by Mr. LIU Ming Hui and Prof. LIU Mingxing as to 50:50. Dragon Media is wholly owned by Mr. HUANG Yong. Accordingly, each of Shining Innovation and Dragon Media is a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

Given that one or more of the applicable percentage ratios (as defined in the Listing Rules) exceeds 0.1% and all of them are less than 5%, the entering into of the Joint Venture Agreement and the transactions contemplated thereunder will constitute a connected transaction of the Company subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. LIU Ming Hui, Prof. LIU Mingxing and Mr. HUANG Yong have a material interest in the Joint Venture Agreement and the transactions contemplated thereunder due to their respective shareholdings in Shining Innovation and Dragon Media. As such, each of them abstained from voting on the Board resolutions approving the Joint Venture Agreement. Ms. LIU Chang, a Director, also abstained from voting on such Board resolutions by virtue of her family relationship with Mr. LIU Ming Hui and Prof. LIU Mingxing. 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.

DEFINITIONS

Unless the contents otherwise requires, the following expressions have the following meaning in this announcement:

“Board”	the board of Directors
“Company” or “China Gas”	China Gas Holdings Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 384)
“Director(s)”	the director(s) of the Company
“Dragon Media”	Dragon Media Enterprises Limited, a company incorporated in the British Virgin Islands, which is wholly owned by Mr. HUANG Yong

“Group”	the Company and its subsidiaries
“Joint Venture”	the joint venture company to be established in the PRC pursuant to the terms of the Joint Venture Agreement
“Joint Venture Agreement”	the joint venture agreement dated 6 December 2024 entered into between the JV Partners in relation to the formation and management of the Joint Venture
“JV Partners”	collectively, Smart Energy, Shining Innovation and Dragon Media, and “JV Partner” shall mean any or each of them, as the context requires
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. HUANG Yong”	Mr. HUANG Yong, the executive president and an executive director of the Company
“Mr. LIU Ming Hui”	Mr. LIU Ming Hui, the chairman and an executive director and a substantial shareholder of the Company
“PRC”	the People’s Republic of China
“Prof. LIU Mingxing”	Prof. LIU Mingxing, a non-executive director of the Company and the younger brother of Mr. LIU Ming Hui
“RMB”	Renminbi, the lawful currency of the PRC

“Shareholder(s)”	holder(s) of the shares of the Company
“Shining Innovation”	Shining Innovation Limited, a company incorporated in the British Virgin Islands, which is held by Mr. LIU Ming Hui and Prof. LIU Mingxing as to 50:50
“Smart Energy”	深圳中燃智慧能源有限公司, a company incorporated in the PRC and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 6 December 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, Prof. 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*