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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)

VOLUNTARY ANNOUNCEMENT ENTERING INTO STRATEGIC COOPERATION AGREEMENT WITH YANCHANG PETROLEUM AND XI'AN CHENGTOU

This is a voluntary announcement made by China Gas Holdings Limited (the “**Company**”, and its subsidiaries, the “**Group**”).

Strategic Cooperation Agreement

The board of directors (“**Board**”) of the Company is pleased to announce that, on 21 July 2017, the Company has entered into a strategic cooperation agreement (“**Strategic Cooperation Agreement**”) with Shaanxi Yanchang Petroleum (Group) Co., Ltd.* (陝西延長石油(集團)有限責任公司, “**Yanchang Petroleum**”) and Xi’an Urban Infrastructure Construction Investment Group Co., Ltd.* (西安城市基礎設施建設投資集團有限公司, “**Xi’an Chengtou**”), whereas China Gas Industrial (Shenzhen) Limited* (中燃燃氣實業(深圳)有限公司), a wholly-owned subsidiary of the Company, will establish a joint venture named Shaanxi Yanchang China Gas Energy Development Co., Ltd.* (陝西延長中燃能源發展有限公司), with Xi’an Communication Gas Corporation Limited* (西安交通燃氣有限責任公司), a joint venture of Yanchang Petroleum and Xi’an Chengtou, to implement the scheme of “Address Pollutions of Fog and Haze Vigorously and Make Skies Blue Again” (鐵腕治霾、保衛藍天) launched in Shaanxi in the PRC and facilitate the investment, construction and operation of projects related to the “Gas for Coal Replacement” (煤改氣) and gas market in towns.

Pursuant to the Strategic Cooperation Agreement, the three parties have agreed to cooperate in the following areas: (i) businesses such as natural gas pipelines and ancillary facilities, “Gas for Coal Replacement” of boilers, “Gas for Coal Replacement” in towns, storage, logistics, point-to-point supply and sales of liquefied natural gas (“**LNG**”), LNG/compressed natural gas (“**CNG**”) gas station, petrol station and charging piles, etc; (ii) businesses including storage, logistics, distribution and downstream network of liquefied petroleum gas (“**LPG**”) as well as deep-processing of LPG and related resources; and (iii) businesses including gas-fired power generation, centralized-heating supply, distributed energy, contract energy management and relevant value-added services.

Information about Yanchang Petroleum

Yanchang Petroleum is a company under the People’s Government of Shaanxi Province of the PRC and one of the four companies qualified for petroleum and natural gas exploration and development in the PRC. It is also a large-scale energy and chemical company that is engaged in the integrated and comprehensive development, intensive conversion and recycling of various resources including petroleum, natural gas and coal and ranked 325th in the Fortune Global 500 in 2016. Yanchang Petroleum has entered into a “Framework Agreement on Cooperation in Gas for Coal Replacement Projects under the “Addressing Pollutions of Fog and Haze Vigorously” scheme” (《「鐵腕治霾」氣化項目合作框架協議》) with six cities and two districts in the central Shaanxi plain of Shaanxi Province respectively in relation to Gas for Coal Replacement of boilers, Gas for Coal Replacement in towns, “replacement of coal with gas” in rural areas and infrastructure projects of gas storage and peak-shaving and gas pipeline network, etc.

Information about Xi’an Chengtou

Xi’an Chengtou is a company under the People’s Government of Xi’an City of the PRC and an authorized financing platform for urban infrastructure. It is also a company in charge of the operation and management of state-owned assets for urban constructions and responsible for providing public products and services in the city to ensure the normal functioning of the city. With the franchise right to operate gas in central areas of Xi’an, Xi’an Chengtou is a major heat supplier in the city.

Reasons and benefits for the Strategic Cooperation Agreement

The People’s Government of Shaanxi Province of the PRC issued the “ ‘1+9’ Action Plan for Addressing Pollutions of Fog and Haze Vigorously in 2017” (《2017年鐵腕治霾「1+9」行動方案》) on 3 March 2017, stating the targets, tasks, measures and requirements for addressing pollutions of fog and haze. The plan introduces six measures, being “reducing coal, managing vehicles, preventing dusts, tackling from sources, prohibiting coal burning and increasing greening rate (減煤、控車、抑塵、治源、禁燃、增綠)”, which enhance relevant measures and reflect the commitment of the government. The “Action Plan for Demolition and Transformation of Coal-fired Boilers” (《燃煤鍋爐拆改行動方案》), which is one of the nine specific action plans, requires that coal-fired boilers in urban areas of cities in southern and northern Shaanxi as well as in the central Shaanxi plain should be substantially demolished before the heating season so as to effectively alleviate coal-fired pollution. The pollution resulted from burning bulk coal in urban villages, rural-urban fringe and rural areas will be mitigated by accelerating the “Gas for Coal Replacement” project for coal-fired boilers.

The Group considers that it is of significance to fully utilize respective advantages by cooperation with Yanchang Petroleum and Xi’an Chengtou as it can accelerate the “Gas for Coal Replacement” for urban coal-fired boilers to reduce the burning of bulk coal; facilitate the township “Replacement of Coal with Gas” to help build pleasant towns; expand the coverage of CNG/LNG gas stations to promote energy saving and emission reduction of transportations; standardize the operation of LPG to

eliminate potential safety problems; improve gas supply networks in cities and towns to upgrade the function of infrastructure and boost the development of an intelligent gas industry in Shaanxi in the PRC.

The Group believes that there is significant market development potential in Shaanxi Province in the PRC, and stringent environmental protection measures related to fog and haze protection and air pollution control in the PRC has brought along extensive development opportunities to the Group. Through cooperation under the Strategic Cooperation Agreement, the three parties will be able to build strategic partnership to achieve sustainable development and maximize their corporate and social benefits through integrating the advantages and resources of one another and accelerating market expansion and project construction.

By order of the Board
CHINA GAS HOLDINGS LIMITED
ZHOU Si
Chairman

Hong Kong, 23 July 2017

As of the date of this announcement, Mr. ZHOU Si, Mr. LIU Ming Hui, Mr. HUANG Yong, Mr. ZHU Weiwei, Mr. MA Jinlong and Ms. LI Ching are the executive Directors; Mr. YU Jeong Joon (his alternate being Mr. KIM Yong Joong), Mr. LIU Mingxing, Mr. Arun Kumar MANCHANDA and Mr. JIANG Xinhao are the non-executive Directors; and Mr. ZHAO Yuhua, Dr. MAO Erwan, Ms. WONG Sin Yue Cynthia, Mr. HO Yeung and Ms. CHEN Yanyan are the independent non-executive Directors.

** for identification purpose only*