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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 CHINA UNITED NETWORK COMMUNICATIONS CORPORATION LIMITED

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

The board of directors (the “**Board**”) of the Company is pleased to announce that, on 14 April 2021, the Company and China United Network Communications Corporation Limited (“**China United Network**”) entered into a strategic cooperation agreement (the “**Strategic Cooperation Agreement**”). Based on the principle of “exploiting and sharing competitive edges, in-depth cooperation, contributing to the society”, by exploiting their respective professional advantages, both parties will establish strategic partnership in the fields of gas industry and the fields of internet of things (“**IoT**”), digitalization and intellectualization, actively explore upstream and downstream gas industry, and establish industry standards and the China’s gas ecosystem.

On the basis of its existing operations, the Company focuses on creating new points for business growth centering on MicroGrid, value-added business, integrated energy service and digitalized service. The enhancement of operation efficiency through digitalization is the core competitiveness that the Company always strives for. The strategic cooperation with China United Network is very meaningful for both parties. The communication capability of China United Network, such as FDD-LTE broadband, LTE PSM low power, self-invented Yan Fei Cat. 1 module (雁飛Cat.1) and cloud-internet integration, supports the IoT business of the Company with high security level, low cost, reliable service and full coverage. In particular, capability for all-rounded smart operation has developed for the expansion of current replacement of coal with gas in rural areas and MicroGrid business of the Company. The strategic cooperation has laid a solid foundation for the strategic transformation of the Company towards digitalization, which is meaningful for the industry upgrade in the general gas industry.

Pursuant to the Strategic Cooperation Agreement, the Company and China United Network have agreed to cooperate with each other in the following respects:

1. JOINTLY ESTABLISH INTERNET SYSTEM FOR GAS INDUSTRY WITH STANDARDIZED APPLICATION AND PROMOTION OF IoT GAS METER AS TOUCHING POINT

China United Network will provide the Company an end-to-end integrated, solution, with NB-IoT gas meters and 4G/5G high-flow commercial meters. It will also offer network, module, plan and platform-based services and discount prices to the Company for the promotion and application of IoT gas meters across China, thus providing all-rounded protection for the connection of millions of gas equipment of the Company and its operation management.

2. CREATE DIGITALIZED PRODUCTS BY FACILITATING THE ESTABLISHMENT AND OPTIMIZATION OF TECHNICAL STANDARDS OF GAS IoT INDUSTRY

Both parties jointly formulate and optimize the technical standards for IoT gas meters. By promoting the upgrade and transformation of IoT meter technologies, decoupling connection between smart terminals and cloud, secured and reliable channels, instant messaging, IoT devices remote management and other technologies, stable operation of equipment assets, connection management, equipment management, user management and other functions can be achieved, thus forming data collection and transmission standards, enhancing data sharing and improving the application standards for back-end big data analysis.

3. PROVIDE SPECIFIC SERVICES AND PRODUCTS FOR SMART CITY MANAGEMENT, SMART COMMUNITY AND SMART HOME THROUGH RESEARCH AND PROMOTION OF 5G+ SMART GAS INTEGRATED SOLUTION

Both parties jointly research and develop the 5G+ smart gas integrated package, which enable smart application and product integration in various fields and scenarios including gas value-added business, operation sensor, data management, smart community, smart home and living enrichment, thus forming a leading 5G+ smart gas solution that enables scale-up and commercial promotion.

4. ACTIVELY EXPLORE NEW SMART GAS OPERATION MODES AND ESTABLISH SMART GAS PLATFORM BASED ON THE DEMONSTRATIVE PILOT CITIES, THUS FORMING IMPORTANT PART OF SMART CITIES

Both parties actively explore innovative IoT operation modes, and cooperate for the development of the gas data service mode. The Company will arrange pilot cities for trial in cooperation with China United Network, to provide one-stop services, which covers from IoT gas meters to gas data, as well as supply chain financing solution, covering whole-procedure platform data service for all gas meters.

The new business modes will facilitate the Company's transformation of IoT meters procurement towards data service procurement, continuously improving customer value in data operations and value-added services, and fully accelerate the transformation and upgrade of the nationwide gas digital operation and management modes, thus creating a more powerful driver for the future gas market development.

5. JOINT DEVELOPMENT AND EXPANSION IN CUSTOMER BASE THROUGH IN-DEPTH INTEGRATION OF GAS METER INSTALLATION AND CHINA UNITED NETWORK PACKAGES

For one-off large-sum payment of household users, such as the gas engineering installation fees incurred for gas application service, both parties can combine their respective market and marketing advantages, to increase the user rate on gas meter installation and stimulate the enthusiasm of using China United Network's packages, thus facilitating the business development of both parties.

In addition, by integrating the business characteristics of "gas operation" and "package operation", both parties will jointly explore new business cooperation modes such as crossover products, joint marketing, operation premises referral, thereby boosting business development of both parties.

6. EXPAND THE VARIETY OF PRODUCT AND SERVICE OFFERING FOR USERS THROUGH COLLABORATION IN POINT SYSTEMS OF BOTH PARTIES

China United Network and the Company will collaborate in user point system, thereby realizing the integration of the points between the two platforms of both parties. Based on certain ratio, points collected under the China United Network point system can be used to settle partial amount of online gas payment and online shopping. The utilization rate of points collected under China United Network point system can be boosted through "Zhongran Smart Living (中燃慧生活)" online payment service and online shopping, thus promoting the development of user base of both parties.

INFORMATION ABOUT CHINA UNITED NETWORK

China United Network is an integrated telecommunication enterprise. The company has branch offices in 31 provinces (autonomous regions and municipalities) in China and numerous overseas countries and regions. Upon integration and restructuring, China United Network possesses modern communication network that covers the whole country and connects to the world with optimal structure, advanced technologies and powerful functions. It primarily engages in mobile telecommunication business, domestic and international fixed telephone network and facilities, voice, data, image and multi-media communication and information services, telecommunication value-added service, IoT business in relation to communication and information business, system integration business, and other businesses approved by the state.

REASONS AND BENEFITS FOR ENTERING INTO THE STRATEGIC COOPERATION AGREEMENT

The Group believes that the entering into the Strategic Cooperation Agreement will be beneficial for both parties to exploit their respective advantages and resources. Through research and collaboration in key gas IoT technologies, IoT terminals, IoT platform and application, traditional IoT operating modes and other aspects, the development of gas and IoT industry in China will be further promoted, and the Company can achieve greater corporate and social benefits, thus creating higher value for shareholders.

Shareholders and potential investors are advised to exercise caution in dealing in the shares of the Company.

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

Hong Kong, 15 April 2021

As at the date of this announcement, Mr. LIU Ming Hui, Mr. HUANG Yong, Mr. ZHU Weiwei, Ms. LI Ching and Ms. LIU Chang are the executive directors of the Company, Mr. LIU Mingxing, Mr. JIANG Xinhao and Mr. Mahesh Vishwanathan IYER are the non-executive directors of the Company and Mr. ZHAO Yuhua, Dr. MAO Erwan, Ms. CHEN Yanyan and Mr. ZHANG Ling are the independent non-executive directors of the Company.

* *For identification purpose only*