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POTENTIAL MAJOR TRANSACTION

PROGRESS OF POTENTIAL DISPOSAL OF EQUITY INTERESTS IN HENAN BLUE SKY THROUGH LISTING-FOR-SALES

INTRODUCTION

Reference is made to the announcement of the Company dated 10 August 2023 in relation to the potential disposal of equity interests in Henan Blue Sky through listing-for-sales. The Board hereby announced that the Group initiated a listing-for-sales process to dispose of the entire equity interests in Henan Blue Sky held by the Company through HK Investment on SUAEE on 22 September 2023 after trading hours. According to the rules of SUAEE, the Group and the Potential Transferee shall enter into Equity Transaction Agreement after the Potential Transferee is identified and the final bidding price is agreed upon.

The Initial Base Price is RMB28 million. The final consideration will also take into account that the Potential Transferee and Henan Blue Sky shall waive the Debt owed by HK Investment and its affiliates to Henan Blue Sky on the Closing Date.

LISTING RULES IMPLICATION

Taking into account of the Initial Base Price and the expected amount of Debt, it is expected that one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the Potential Disposal, if materialized, will exceed 25% but will be less than 75%, the Potential Disposal, if materialized, will constitute a major transaction of the Company and shall be subject to the reporting, announcement and Shareholders' approval requirement under Chapter 14 of the Listing Rules.

After the Publication Period, the Company will issue an announcement to update the Shareholders whether or not the Potential Transferee is identified and the final bidding price is agreed upon. The Company will issue a further announcement when the Potential Transferee enters into the Equity Transfer Agreement and in such circumstances, the Company will prepare and despatch to the Shareholders a circular, containing information required under Chapter 14 (if applicable) of the Listing Rules and in compliance with the Listing Rules.

In the event that no Potential Transferee is identified during the Publication Period or the Equity Transfer Agreement is not entered into, the Company will issue an announcement to update the Shareholders and the Potential Disposal will not proceed. No circular will be despatched to the Shareholders in accordance with the Listing Rules in such circumstances.

As at the date of this announcement, the Potential Disposal has not yet been materialized, the Potential Transferee is still uncertain and, no Equity Transaction Agreement has been entered into, and no performance arrangement has been made. The Potential Disposal may, or may not, proceed. Therefore, the Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

I. INTRODUCTION

Reference is made to the announcement of the Company dated 10 August 2023 in relation to the potential disposal of equity interests in Henan Blue Sky through listing-for-sales. The Board hereby announced that the Group initiated a listing-for-sales process to dispose of the entire equity interests in Henan Blue Sky held by the Company through HK Investment on SUAEE on 22 September 2023. According to the rules of SUAEE, the Group and the Potential Transferee shall enter into Equity Transaction Agreement after the Potential Transferee is identified and the final bidding price is agreed upon.

II. LISTING-FOR-SALES

Date

The notice of the listing-for-sales containing certain details and terms of the Potential Disposal was published on the website of SUAEE on 22 September 2023 after trading hours.

Procedures

Publication period of the Potential Disposal will last for 45 business days commencing from 22 September 2023 (inclusive) (the “**Publication Period**”). During the Publication Period, any qualified entity may (i) indicate their intention to acquire the equity interests in Henan Blue Sky, (ii) register themselves as interested transferees and submit relevant documents and (iii) enter into a letter of undertaking and review the relevant documents

and conduct due diligence on Henan Blue Sky through SUAEE. Any interested transferee shall submit an application for transfer of equity rights and pay RMB5 million as security deposit for the Potential Disposal and RMB60,000 as service fee to SUAEE before 17:00 hours on the closing day of the Publication Period. If there are two or more interested transferees, the Potential Transferee shall be determined by the bidding procedures of SUAEE. Upon the completion of such bidding procedure, if any, SUAEE shall notify HK Investment of the identity of the Potential Transferee.

Upon the determination and qualification of the Potential Transferee, the Group and the Potential Transferee shall enter into Equity Transaction Agreement, and the entire transaction amount for the equity transfer must be paid within 15 days from the effective date of the Equity Transfer Agreement.

On the Closing Date, the Potential Transferee and Henan Blue Sky shall exempt HK Investment and its affiliates from the repayment obligations and liabilities of Henan Blue Sky's debts (the “**Debt**”). If the net Debt amount owed by HK Investment and its affiliates to Henan Blue Sky on the Closing Date exceeds the Debt amount as stated in the Equity Transfer Agreement, HK Investment shall be responsible for paying off the excess amount with immediate available cash-on-hand on the Closing Date; if the net Debt amount owed by HK Investment’s affiliates to Henan Blue Sky on the Closing Date is lower than the Debt amount as stated in the Equity Transfer Agreement, the Potential Transferee shall pay the difference to HK Investment with immediate available cash-on-hand on the Closing Date.

If no interested transferee was registered within the Publication Period, the Company will make further announcement as and when appropriate in accordance with applicable laws and regulations.

As at the date of this announcement, major terms of the Equity Transaction Agreement, including but not limited to, the transferee, final consideration, delivery and transfer time, have not been determined. **As at the date of this announcement, no Equity Transaction Agreement has been entered into between the Group and any other party in relation to the Potential Disposal.**

III. BASIS OF THE CONSIDERATION

The Initial Base Price is RMB28 million. The final consideration will also take into account that the Potential Transferee and Henan Blue Sky shall waive the Debt owed by HK Investment and its affiliates to Henan Blue Sky on the Closing Date.

The Initial Base Price is determined with reference to, amongst others, the Group’s aggregate investment in Henan Blue Sky which will be further subject to, amongst others, the final bidding price and the amount of Debt.

Pursuant to the terms and conditions on listing-for-sales, the final bidding price shall be settled in lump-sum in cash.

IV. FINANCIAL INFORMATION OF HENAN BLUE SKY

Set out below is certain financial information of Henan Blue Sky prepared in accordance with the generally accepted accounting principles of the PRC:

	31 December 2021	As at 31 December 2022	31 July 2023
	<i>(RMB '000)</i>	<i>(RMB '000)</i>	<i>(RMB '000)</i>
	(audited)	(audited)	(unaudited)
Total asset	40,493	55,691	44,210
Net asset	34,660	33,714	35,833

	For the year ended 31 December 2021	31 December 2022	For the seven months ended 31 July 2023
	<i>(RMB '000)</i>	<i>(RMB '000)</i>	<i>(RMB '000)</i>
	(audited)	(audited)	(unaudited)
Revenue	31,690	37,331	18,529
Profit before taxation	2,819	5,753	2,220
Profit after taxation	2,598	5,605	2,156

V. REASONS FOR AND BENEFITS OF THE POTENTIAL DISPOSAL

Henan Blue Sky is principally engaged in the investment and operation of a CNG Mother Station, two CNG refuelling stations and two petroleum refuelling stations in Zhumadian City, Henan Province, the PRC. Due to its distance from the management center of the Group in Henan Province, the Board is of the view that the Potential Disposal, if materialized, will help improve the overall management efficiency of the Group's business, optimize the resource allocation of the Group. The cash flow of the Group could be further enhanced at the same time. The Board believes that the Potential Disposal is beneficial for and will not affect the business and financial performance of the Group.

VI. USE OF PROCEEDS AND FINANCIAL EFFECTS OF POTENTIAL DISPOSAL

The use of proceeds and financial effects of Potential Disposal will be disclosed upon materialization of the Potential Disposal and further determination of the terms of Equity Transaction Agreement in accordance with the requirements of the Listing Rules.

Upon completion of the Potential Disposal, if materialized, Henan Blue Sky will cease to be a subsidiary of the Company. The financial results of Henan Blue Sky will no longer be consolidated into the accounts of the Group.

VII. LISTING RULES IMPLICATION

Taking into account of the Initial Base Price and the expected amount of debt, it is expected that one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the Potential Disposal, if materialized, will exceed 25% but will be less than 75%, the Potential Disposal, if materialized, will constitute a major transaction of the Company and shall be subject to the reporting, announcement and Shareholders' approval requirement under Chapter 14 of the Listing Rules.

After the Publication Period, the Company will issue an announcement to update the Shareholders whether or not the Potential Transferee is identified and the final bidding price is agreed upon. The Company will issue a further announcement when the Potential Transferee enters into the Equity Transfer Agreement and in such circumstances, the Company will prepare and despatch to the Shareholders a circular, containing information required under Chapter 14 (if applicable) of the Listing Rules and in compliance with the Listing Rules.

In the event that no Potential Transferee is identified during the Publication Period or the Equity Transfer Agreement is not entered into, the Company will issue an announcement to update the Shareholders and the Potential Disposal will not proceed. No circular will be despatched to the Shareholders in accordance with the Listing Rules in such circumstances.

VIII. GENERAL INFORMATION

The Group

The Company is a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange. The principal business activity of the Company is investment holding. The Group is an integrated LPG and natural gas supplier with a complete industry chain in the PRC. The Group primarily engages in the operation of CNG and LNG vehicular refuelling stations (車用加氣站), LPG domestic stations (民用站), CNG Mother Stations (母站) and the LPG and CNG wholesale business in Guangdong Province, Henan Province and Hebei Province, the PRC.

HK Investment

HK Investment is a company incorporated under the laws of Hong Kong on 24 March 2015 with limited liability and an indirect wholly owned subsidiary of the Company as at the date of this announcement.

Henan Blue Sky

Henan Blue Sky is a limited liability company established under the laws of the PRC on 16 May 2007 and its entire equity interests are held by HK Investment with a registered capital of RMB13,500,000. Henan Blue Sky is primarily engaged in the investment and

operation of a CNG Mother Station, two CNG refuelling stations and two petroleum refuelling stations in Zhumadian City, Henan Province, the PRC.

As at the date of this announcement, the Potential Disposal has not yet been materialized, the Potential Transferee is still uncertain, no Equity Transaction Agreement has been entered into by the Group, and no performance arrangement has been made. The Potential Disposal may, or may not, proceed. Therefore, the Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

IX. DEFINITIONS

In this announcement, unless otherwise indicated in the context, the following terms shall have the meanings as set out below:

“Board”	the board of directors of the Company
“Closing Date”	the next working day after the Potential Transferee pays the Group the entire amount for the equity transfer
“CNG”	compressed natural gas, a type of natural gas that is compressed to high density through imposing high-pressure to facilitate the ease and efficiency of transportation
“CNG Mother Station”	CNG mother station that is operated for processing and supplying CNG to the CNG refuelling stations and other wholesale customers
“Equity Transaction Agreement”	the equity transaction agreement to be entered into between the Group and the Potential Transferee in relation of the Potential Disposal of the entire equity interests held by HK Investment in Henan Blue Sky
“Company”	Sino Gas Holdings Group Limited (中油潔能控股集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange (stock code: 1759)
“Group”	the Company and its subsidiaries
“Henan Blue Sky”	Henan Blue Sky Sino Gas Technology Company Limited (河南藍天中油潔能科技有限公司), a limited liability company established under the laws of the PRC on 16 May 2007 and its entire equity interests were owned by HK Investment as at the date of this announcement, and the Company’s indirect wholly owned subsidiary

“HK Investment”	Sino Gas Investment Group Limited (中油投資集團有限公司), a company incorporated under the laws of Hong Kong on 24 March 2015 with limited liability and an indirect wholly owned subsidiary of the Company as at the date of this announcement
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Initial Base Price”	the initial base price of the Potential Disposal, being RMB28 million, which is subject to the final bidding price
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LNG”	liquefied natural gas, a type of natural gas that has been converted to liquid form through application of pressure and cooling for ease and efficiency of transportation
“LPG”	liquefied petroleum gas, a type of inflammable gas produced during natural gas processing and oil refining, which could be stored as liquid under pressure
“Potential Disposal”	the potential disposal of the entire equity interests held by HK Investment in Henan Blue Sky proposed by the Group through listing-for-sales on SUAEE
“Potential Transferee”	the potential transferee of the Potential Disposal, i.e. (i) the interested transferee registered on SUAEE whose qualification has been confirmed by the Group, if there is only one interest transferee; or (ii) the interested transferee registered on SUAEE whose qualification has been confirmed by the Group and subsequently won the bidding procedure for the Potential Disposal through listing-for-sale, if there are two or more interested transferees
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Taiwan and Macau Special Administrative Region
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SUAEE”	Southern United Assets & Equity Exchange* (南方聯合產權交易中心)
“subsidiary”	has the meanings ascribed to it under the Listing Rules

** For identification purpose only*

By Order of the Board
**Sino Gas Holdings Group
 Limited**
Mr. Ji Guang
Chairman

Hong Kong, 22 September 2023

As at the date of this announcement, the directors of the Company are:

Executive Directors:

Mr. Ji Guang (*Chairman*)

Ms. Ji Ling (*Vice-Chairman and Chief Executive Officer*)

Ms. Cui Meijian

Mr. Zhou Feng

Independent non-executive Directors:

Mr. Sheng Yuhong

Mr. Wang Zhonghua

Dr. Zheng Jian Peng