

CHINA GAS' PRESIDENT LIU MING HUI WINS "2016 CHINA FINANCIAL LEADERS OF THE YEAR" AWARD

CHINA GAS PARTICIPATED THE CHINA FINANCIAL LEADERS ANNUAL CONFERENCE TO DISCUSS NEW DIRECTIONS OF THE DEVELOPMENT OF ENERGY INDUSTRIES

(Hong Kong – 18 January 2017) China's leading piped-gas operator, **China Gas Holdings Limited** ("China Gas" or the "Group;" stock code: 384) announced that Mr. Liu Ming Hui, Executive Chairman of the Board of Directors, Managing Director and President of the Group, was named as "2016 China Financial Leaders of the Year" (2016 中國財經年度人物), together with the other nine outstanding entrepreneurs, at "The 3rd China Financial Leaders Annual Conference cum 2016 China Financial Leaders of the Year Award Presentation Ceremony" organised by Xinhua Net on 16 January.

At the award presentation ceremony, the judging panel said: "Mr. Liu Ming Hui is a pioneer in the gas industry of China. He has built a platform for international cooperation of energy industry and brought innovative ideas into the traditional gas industry. He is the leader of China Gas with a 40,000-strong staff, providing natural gas to 25,000,000 residential users and 300,000 industrial and commercial users. By closely following the national policies, Mr Liu has built a '4G' energy network and dedicated his effort to smog control. In the past 15 years of developing the gas business, Mr Liu has never forgotten his original ambition of 'Benefiting the Society through Establishing a Harmonious Ambience' and has always shouldering social responsibility and leading his team to focus on building up the energy industry. As an entrepreneur, he is brave and, with wisdom, has guided the company to move forward; as an executor, he fulfilled the commitment in building homes for his staff and improving the living environment for communities; as a dreamer, he determines to make progress, gathers talent and different ideas to make people's lives better".

Mr. Liu Ming Hui said: "Being named as one of the 2016 China Financial Leaders of the Year is not only an encouragement for me, but also represents recognition and affirmation for 40,000 China Gas employees and tells us that we have yet a greater responsibility to take. China Gas was fortunate to be set up in the golden time to catch up with the energy industry reform. In the past 15 years, all China

Gas employees and I have always worked hard together, hence this award belongs to all 40,000 employees of China Gas. Our responsibility rests on our conscience and is not to be taken lightly. Smog control and the energy reform are imperative and could afford no delay. China Gas will continue to devote its efforts to smog control and the green energy reform.”

With the theme “New Economy, New Challenge, New Impetus”, this year’s China Financial Leaders Annual Conference is focused on exploring new direction of development of new economies, especially manufacturing and energy industries at the core. Mr. Liu delivered a speech on “How the Green Energy Reform Can Help Smog Control”, leading in with smog control and the energy supply structure reform to elaborate how China Gas as an integrated energy service provider finds its new growth impetus and makes contribution to the country.

When facing pressure from smog control, Mr. Liu said: “It is the worst of times and the best of times for energy companies. Smog control is the largest livelihood project, and coming with it is a major reform of energy consumption, supply, structure and system, presenting the industry with unprecedented challenges. As a company serving the society, China Gas will never wait for the “wind” to come. Smog control and energy reform are imperative and the Group is determined to be a solver of environmental problems to promote industry reform and upgrade the industry. We will continue to closely follow the national policies and actively participate in the smog control.”

In the process of combating the smog issue, what new engines and growth drivers do the energy industry and energy enterprises have to achieve for sustainable development? Under the new “new economic norm” and talking about the future of the “new economy” of China gas industry, Mr. Liu said: “Changes in the ecological and economic environment will bring changes in demand, and these changes will guide the revision and upgrade of the energy industry. Ridding the smog is a challenge, but it also presents opportunities to the industry, commanding reform and upgrade of the energy supply structure and the industry itself, meaning the problem could be addressed through supply-side reforms.”

Firstly, given polluted air moves across regions, no boundary should be set for tackling of smog and delivery of energy services. In 2016, China Gas vigorously promoted “coal-to-gas” conversion projects across the country, in particular the heavily polluted region - Beijing, Tianjin and Hebei. The Group also leveraged the nation-wide network; worked with local governments in various regions to promote

its successful pollution treatment cases that were used in Beijing, Tianjin and Hebei to Shandong, Henan and the Northeastern region in its bid to rally collaborative efforts in smog control.

Secondly, emission from the combustion of coarse coal particles, in particular from the coal-fired boilers used for winter heating, has been increasing. This gives a major push for cities to adopt natural gas and villages to start replacing coal with gas. Taking into account the characteristics of different villages and towns, the different requirement of different households and their locations, China Gas has been offering a diverse range of energy choices – 4G ((PNG, LPG, LNG and CNG) – and services that benefit customers' needs.

Thirdly, the White Paper on China Natural Gas Report (2016) (中國天然氣報告(2016)白皮書) states for the first time that China has decided to develop natural gas into one of its main energy sources by 2030. Natural gas will be one of the three main energy pillars of the country, thus increasing the efficiency of natural gas usage is the most practical way to improve the country's energy supply structure. To this end, China Gas has integrated urban and suburban natural gas pipelines in deployment, hence the Group will promote the development of distributed energy cooling, supply for heating and power, quickly speed up the construction of natural gas heating and electricity generation industrial chain, and actively pursue gas-fired power generation and electricity distribution businesses, to enhance the integrated energy utilisation rate thus realise complementary and in-tier energy utilisation. In recent years, attempts have been made by China Gas in taking the use of natural gas to the depth, exploring clean energy combinations and contracted energy management, etc.

China Gas, as an integrated clean energy service supplier, serves users directly and makes people's daily life convenient. The Group's extensive city gas network covers more than 100 million urban population, and it aims to connect more than two million households and more than 30,000 industrial and commercial users with natural gas supply each year. Currently, the Group is serving 25 million households and 300,000 industrial and commercial users. On optimizing the country's energy structure, the Group answers the call of the country for energy conservation and emission reduction to build a low-carbon society, promote wider application of natural gas, and assist more than 300 cities in improving their living environment and quality of life of their citizens.

To better satisfy customers' needs is always the Group's top priority. China Gas does not only provide what customers need the most, but also offers energy services with the best and sustainable integrated

benefits to customers. Adhering to its mission of “Benefiting the Society through Establishing a Harmonious Ambience” since founding, China Gas has never shy away from taking responsibility and has kept grooming its people to shoulder that responsibility. It has a deep respect for the social responsibilities of a green energy enterprise; and this respect is going to provide a solid foundation for future development. In the process of promoting smog control and energy reform and upgrade, China Gas will be more steadfast yet in integrating its corporate social responsibility with business development and take actions to deliver on its promise to contribute to the country’s prosperity.

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About China Gas

China Gas Holdings Limited (“China Gas”, stock code: 384) is principally engaged in the investment, construction and management of city gas pipeline infrastructure, distribution of natural gas and LPG to residential, industrial, commercial users, and through gas stations to the transportation sector. Major shareholders of the Company include the Beijing Enterprises Group (BVI) Company Limited, SK group of companies, Fortune Oil PLC in UK and Gail (India) Limited. To date, China Gas owns a total of 325 natural gas projects, including exclusive piped gas development rights in 311 cities and regions, 13 natural gas pipeline transmission projects and 1 coal bed methane development projects, as well as the license to import and export LNG and other fuel products in China, and 98 LPG distribution projects.

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