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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)

**PROPOSED REFRESHMENT OF THE SCHEME MANDATE LIMIT
AND
CONDITIONS INTENDED TO BE ATTACHED TO THE NEW OPTIONS TO BE
GRANTED UNDER THE SCHEME MANDATE LIMIT, IF REFRESHED**

The Board proposes to seek the approval of the Shareholders on the refreshment of the Scheme Mandate Limit. If the refreshment of the Scheme Mandate Limit is approved, on the basis of 5,218,562,972 Shares in issue as at the date of this announcement and assuming no change to the total number of Shares in issue up to the date of the AGM, the Board will be able to grant options to subscribe for up to a total of 521,856,297 Shares, representing 10% of the issued share capital of the Company as at the date of the AGM.

The Board considers that the refreshment of the Scheme Mandate Limit is in line with the purpose of the Share Option Scheme and is in the interests of the Group and the Shareholders as a whole because it enables the Company to grant more options, which is a way of providing more rewards and motivation to its employees and other eligible persons under the Share Option Scheme for their contribution and continuing efforts to promote the interest of the Company and enhance the value of the Shares.

Proposed Refreshment of Scheme Mandate Limit

The Company adopted the Share Option Scheme at the annual general meeting held on 20 August 2013. Apart from the Share Option Scheme, the Company has no other share option scheme as at the date of this announcement.

The Board proposes to seek the approval of the Shareholders on the refreshment of the Scheme Mandate Limit. Pursuant to the Scheme Mandate Limit, the Company is authorized to grant options to subscribe for up to a maximum number of 479,253,509 Shares, representing 10% of the number of Shares in issue as at the date of adoption. As at the date of this announcement, the Company had granted to the Directors and other eligible persons options to subscribe for an aggregate of 352,400,000 Shares under the Share Option Scheme, out of which options to subscribe for 259,894,600 Shares were exercised, options to subscribe for 87,705,400 Shares lapsed and options to subscribe for 4,800,000 Shares were cancelled. The Scheme Mandate Limit had not been refreshed since the date of adoption of the Share Option Scheme. The Board considers that the Company should refresh the Scheme Mandate Limit so that the Company could have more flexibility to provide more incentive to participants of the Share Option Scheme for their contribution and continuing efforts to promote the interest of the Company by way of granting options to them. If the refreshment of the Scheme Mandate Limit is approved, on the basis of 5,218,562,972 Shares in issue as at the date of this announcement and assuming no change to the total number of Shares in issue up to the date of the AGM, the Board will be able to grant options to subscribe for up to a total of 521,856,297 Shares under the Share Option Scheme and any other share option schemes of the Company, representing 10% of the issued share capital of the Company as at the date of the AGM. Pursuant to the Listing Rules and the Share Option Scheme, options previously granted under the Share Option Scheme (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or exercised options) will not be counted for purpose of calculating the Scheme Mandate Limit as refreshed.

The refreshment of the Scheme Mandate Limit is conditional upon:

- (a) the passing of an ordinary resolution by the Shareholders at the AGM to approve the refreshment; and
- (b) the Stock Exchange granting the listing of, and permission to deal in, such number of Shares, representing 10% of the total number of the issued Shares as at the date of the AGM, which may fall to be allotted and issued pursuant to the exercise of the options to be granted under the Share Option Scheme within the 10% Scheme Mandate Limit so refreshed.

The Board considers that the Share Option Scheme has always been a key incentive measure for boosting the growth of the Group's various businesses and enhancement of Shareholders' value as it provides incentive to the participants to promote the interest of the Group, which is expected to be reflected onto the value of the Shares. The refreshment of the Scheme Mandate Limit is in line with the purpose of the Share Option Scheme and is in the interests of the Group and the Shareholders as a whole because it enables the Company to grant more options, which is a way of providing more rewards and motivation to its employees and other eligible persons under the Share Options Scheme for their contribution and continuing efforts to promote the interest of the Company and enhance the value of the Shares.

A circular containing, among other things, further details in respect of the refreshment of the Scheme Mandate Limit, together with a notice of the AGM will be despatched to the Shareholders in due course in compliance with the Listing Rules.

For the avoidance of doubt, in the event that the requisite approval is not obtained at the AGM for the refreshment of the Scheme Mandate Limit, the outstanding limit obtained by the Company in the annual general meeting held on 20 August 2013 shall continue to be valid.

Conditions intended to be attached to the New Options to be granted under the Scheme Mandate Limit, if refreshed

It is the Board's current intention that:

- (i) if the Scheme Mandate Limit is refreshed, the New Options to be granted under the Scheme Mandate Limit will, among other conditions as the Board may consider appropriate, be exercisable upon satisfaction of any one of the conditions below:
 - (a) the Group's audited net profit after tax (before share-based payment expenses) and deduction of net profit after tax attributable to non-controlling interests for any of the financial years ending on or before 31 March 2022 based on the audited consolidated financial statements of the Company amounts to HK\$14 billion or above; or
 - (b) if the above condition is not fulfilled, the New Options can still be exercised if the Group's audited profit after tax (before share-based payment expenses) and deduction of net profit after tax attributable to non-controlling interests for the financial year ending 31 March 2023 based on the audited consolidated financial statements of the Company amounts to HK\$15 billion or above; and
- (ii) the New Options will lapse if none of the above conditions is satisfied.

Subject to the refreshment of the Scheme Mandate Limit, the Company will make further announcement(s) in relation to the grant of New Options and the conditions for exercise to be attached thereto as and when appropriate in compliance with the Listing Rules.

“AGM”	the forthcoming annual general meeting of the Company
“Board”	the board of Directors
“Company”	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
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New Options”	the options to be granted under the Scheme Mandate Limit, if refreshed
“Scheme Mandate Limit”	the maximum number of Shares that may be issued upon exercise of all options to be granted under the Share Option Scheme, which shall not in aggregate exceed 10% limit of the total number of Shares in issue as at the date of adoption of Share Option Scheme and if refreshed, shall not exceed 10% of the Shares in issue as at the date of approval of the refreshment of Scheme Mandate Limit by Shareholders
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Option Scheme”	the existing share option scheme of the Company adopted on 20 August 2013
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board
China Gas Holdings Limited
ZHOU Si
Chairman

Hong Kong, 21 June 2019

As at 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 of the Company, Mr. LIU Mingxing (his alternate being Ms. LIU Chang), Mr. JIANG Xinhao, Mr. Rajeev Kumar MATHUR and Mr. JO Jinho (his alternate being Mr. KWON Woonsang) are the non-executive Directors of the Company and Mr. ZHAO Yuhua, Dr. MAO Erwan, Ms. WONG Sin Yue Cynthia, Ms. CHEN Yanyan and Mr. ZHANG Ling are the independent non-executive Directors of the Company.

* *For identification purpose only*