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CHINA GAS INDUSTRY INVESTMENT HOLDINGS CO. LTD.

(Incorporated in the Cayman Islands with members' limited liability)

(Stock code: 1940)

DISCLOSEABLE TRANSACTIONS

(1) SUPPLY AGREEMENT IN RESPECT OF AN AIR SEPARATION UNIT; AND (2) CONTRACTS IN RESPECT OF CONSTRUCTION AND INSTALLATION WORKS FOR THE TTG NEW DISTRICT PLANT

Financial Adviser to the Company



THE SUPPLY AGREEMENT AND THE CONSTRUCTION CONTRACTS

The Board is pleased to announce that after trading hours of the Stock Exchange on 22 December 2023, (i) TTG (a wholly-owned subsidiary of the Company) and SASE entered into the Supply Agreement in respect of the supply of an ASU for the consideration of RMB75,860,000 (equivalent to approximately HK\$82.7 million); and (ii) TTG and HIE entered into the Construction Contracts in respect of the Construction Works for the TTG New District Plant.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of each of (i) the Supply Agreement; (ii) the Construction Contract B; and (iii) the Construction Contracts (when aggregated), exceed 5% but are all less than 25%, the respective transactions contemplated thereunder constitute discloseable transactions for the Company and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Reference is made to the Prospectus of the Company. As set out therein, the TTG New District Plant (formerly referred to as the Zhongqi Investment plant) was to be constructed in two phases. The first phase (“**Phase I**”) was completed in June 2021, while the details of the second phase (“**Phase II**”) were yet to be finalised at the time. The Company is pleased to announce that it is ready to commence Phase II of the TTG New District Plant, which involves, among other things, the procurement of a new ASU.

In connection with the above, on 22 December 2023 (after trading hours of the Stock Exchange), (i) TTG (a wholly-owned subsidiary of the Company) and SASE entered into the Supply Agreement, pursuant to which, TTG has commissioned SASE to (a) design, manufacture and supply an ASU for installation at the TTG New District Plant; and (b) provide technical services, transportation and insurance thereon, for the Contract Sum (ASU) of RMB75,860,000 (equivalent to approximately HK\$82.7 million); and (ii) TTG and HIE entered into the Construction Contracts, pursuant to which, TTG has appointed HIE as contractor in respect of the Construction Works for the Hydrogen Production Project and the Gas Liquefaction Project to be undertaken at the TTG New District Plant for the Contract Sum A of RMB8,500,854 (equivalent to approximately HK\$9.3 million) and Contract Sum B of RMB38,311,206 (equivalent to approximately HK\$41.8 million), respectively.

THE SUPPLY AGREEMENT

Principal terms of the Supply Agreement are set out below:

- Date : 22 December 2023
- Parties : (i) TTG, a wholly-owned subsidiary of the Company, as the buyer; and
(ii) SASE, a limited liability company incorporated in the PRC, as the supplier.
- Equipment to be purchased : An ASU, used for the separation and collection of oxygen, nitrogen and argon from ambient air.
- Design : SASE shall be responsible to design and build the ASU in accordance with the technical specifications provided by TTG set out in the Supply Agreement.
- Delivery : The delivery plan, timetable and batches in respect of the ASU will be determined by the parties upon the completion of its design and SASE shall be responsible for its transportation to the TTG New District Plant. The delivery of the ASU shall be completed no later than eight months from the date of the Supply Agreement.
- Trial run and assessment : After installation of the ASU at the TTG New District Plant, a trial run and performance assessment shall be conducted. In the event that the ASU fails to meet the standards set out in the Supply Agreement, SASE shall be responsible to repair, replace and/or improve part or all of the ASU until such standards are met in a subsequent trial run and performance assessment. Subject to the satisfactory performance of the ASU, the parties shall confirm in writing the acceptance of the ASU (the “**Acceptance**”).

Warranty : The ASU shall have a warranty period of 12 months commencing from the date of the Acceptance which, in any event, will not exceed (i) 18 months from the date of delivery of the last batch of the ASU; and (ii) 26 months from the date of the Supply Agreement (the “**Warranty Period (ASU)**”).

During the Warranty Period (ASU), if defects in the ASU are discovered, SASE shall send its personnel to assess the issue. Where the responsibility of the defect lies with SASE, it shall repair and/or replace the defective parts at its own expense within the time agreed by both parties.

Contract sum : The Contract Sum (ASU) is RMB75,860,000 (equivalent to approximately HK\$82.7 million) (including value-added tax), which includes the design fees, technical service fees, taxes, delivery and insurance costs, inspection costs, packaging costs, management costs etc. It shall be payable by TTG to SASE in cash in the following manner:

- (i) 20% of the Contract Sum (ASU) will be payable within 30 days of the execution of the Supply Agreement;
- (ii) 20% of the Contract Sum (ASU) will be payable immediately prior to the shipment of the skid-mounted cold room;
- (iii) 20% of the Contract Sum (ASU) will be payable immediately prior to the shipment of the ASU;
- (iv) 30% of the Contract Sum (ASU) will be payable within 30 days of the completion of the installation and satisfactory testing of the ASU; and
- (v) 10% of the Contract Sum (ASU) will be payable within 30 days of the expiry of the Warranty Period (ASU).

As set out in the 2023 interim report of the Company, as at 30 June 2023, the unutilised net proceeds from the Global Offering (as defined in the Prospectus) is approximately RMB50.6 million (equivalent to approximately HK\$55.2 million), which have been earmarked for the procurement and installation of a new ASU for Phase II of the TTG New District Plant (the “**Unutilised IPO Proceeds**”).

The Contract Sum (ASU) will be financed as to (i) approximately RMB50.6 million from the Unutilised IPO Proceeds; and (ii) the remaining amount from the Group’s other internal resources.

Basis of the contract sum

The Contract Sum (ASU) was determined based on the bidding price offered by SASE, and TTG awarded the Supply Agreement to SASE after an open tendering process based on TTG's evaluation of the capability, experience and reputation of SASE; and the prevailing market prices for ASUs with similar performance and specifications.

THE CONSTRUCTION CONTRACTS

Construction Contract A

Principal terms of the Construction Contract A are set out below:

- Date : 22 December 2023
- Parties : (i) TTG, a wholly-owned subsidiary of the Company, as the principal; and
(ii) HIE, a limited liability company incorporated in the PRC, as the contractor.
- Scope of work : The Construction Works in respect of the Hydrogen Production Project shall include the construction of all buildings and installations, including but not limited to power, water, electricity, instrumentation and civil engineering work such as earth excavation, backfilling and concrete engineering, in relation to the project according to the specifications provided by TTG.
- Construction period : The planned construction period is ten months.
- Warranty : The Construction Works in respect of the Hydrogen Production Project shall have a warranty period of 12 months commencing from the date of the completion acceptance (the "**Warranty Period A**").
- During the Warranty Period A, if defects in the Construction Works in respect of the Hydrogen Production Project are discovered, HIE will be responsible for the repair.

- Contract sum : The Contract Sum A is RMB8,500,854 (equivalent to approximately HK\$9.3 million) (including value-added tax), subject to adjustments for construction drawings, design changes, any variations and additional works as in accordance with the respective contract and steel price. Any fluctuation of steel price within $\pm 5\%$ of the base price will not trigger adjustment to Contract Sum A. Where the steel price fluctuates beyond $\pm 5\%$ of the base price, the Contract Sum A shall be adjusted by the amount above/below $\pm 5\%$ of the base price, in accordance with the terms and conditions of the contract. The Contract Sum A shall be payable by TTG to HIE in cash in the following manner:
- (i) 60% of the Contract Sum A will be payable as monthly progress payments over the course of the construction period and according to the actual progress of the Construction Works in respect of the Hydrogen Production Project;
 - (ii) 20% of the Contract Sum A will be payable upon completion and acceptance of the Construction Works in respect of the Hydrogen Production Project;
 - (iii) 10% of the Contract Sum A will be payable upon completion of audit of the project fees and costs; and
 - (iv) 10% of the Contract Sum A will be payable upon expiry of the Warranty Period A.

The Contract Sum A will be financed by the internal resources of the Group.

Basis of the contract sum

The Contract Sum A was determined based on the bidding price offered by HIE, and TTG awarded the Construction Contract A to HIE after an open tendering process based on TTG's evaluation of the specifications of the relevant Construction Works required by TTG, the capability, experience and reputation of HIE, and the prevailing market prices for the relevant Construction Works.

Construction Contract B

Principal terms of the Construction Contract B are set out below:

- Date : 22 December 2023
- Parties : (i) TTG, a wholly-owned subsidiary of the Company, as the principal; and
(ii) HIE, a limited liability company incorporated in the PRC, as the contractor.
- Scope of work : The Construction Works in respect of the Gas Liquefaction Project shall include the construction of all buildings and installations, including but not limited to power, water, electricity, instrumentation and civil engineering work such as earth excavation, backfilling and concrete engineering, in relation to the project according to the specifications provided by TTG.
- Construction period : The planned construction period is ten months.
- Warranty : The Construction Works in respect of the Gas Liquefaction Project shall have a warranty period of 12 months commencing from the date of the completion acceptance (the “**Warranty Period B**”).

During the Warranty Period B, if defects in the Construction Works in respect of the Gas Liquefaction Project are discovered, HIE will be responsible for the repair.
- Contract sum : The Contract Sum B is RMB38,311,206 (equivalent to approximately HK\$41.8 million) (including value-added tax), subject to adjustments for construction drawings, design changes, any variations and additional works as in accordance with the respective contract and steel price. Any fluctuation of steel price within $\pm 5\%$ of the base price will not trigger adjustment to Contract Sum B. Where the steel price fluctuates beyond $\pm 5\%$ of the base price, the Contract Sum B shall be adjusted by the amount above/below $\pm 5\%$ of the base price, in accordance with the terms and conditions of the contract. The Contract Sum B shall be payable by TTG to HIE in cash in the following manner:

(i) 60% of the Contract Sum B will be payable as monthly progress payments over the course of the construction period and according to the actual progress of the Construction Works in respect of the Hydrogen Production Project;

- (ii) 20% of the Contract Sum B will be payable upon completion and acceptance of the Construction Works in respect of the Hydrogen Production Project;
- (iii) 10% of the Contract Sum B will be payable upon the successful audit of the project fees and costs; and
- (iv) 10% of the Contract Sum B will be payable upon expiry of the Warranty Period B.

The Contract Sum B will be financed by the internal resources of the Group.

Basis of the contract sum

The Contract Sum B was determined based on the bidding price offered by HIE, and TTG awarded the Construction Contract B to HIE after an open tendering process based on TTG's evaluation of the specifications of the relevant Construction Works required by TTG, the capability, experience and reputation of HIE, and the prevailing market prices for the relevant Construction Works.

INFORMATION OF THE PARTIES

TTG

TTG is one of the principal operating subsidiaries of the Company and is principally engaged in the production and supply of industrial gases, including oxygen, nitrogen, argon and carbon dioxide, in the PRC.

SASE

SASE is principally engaged in, among others, equipment manufacturing and engineering services in the steel, non-ferrous metallurgy, coal chemical, petrochemical, energy, electronics and other industries, and is specialised in, among others, the design and manufacture of air separation equipment, liquified natural gas equipment and supporting components.

HIE

HIE is a state-owned enterprise principally engaged in the provision of comprehensive construction and installation services in Hebei province, the PRC. It is qualified in, among others, general contracting of construction, municipal and public, metallurgical, petrochemical, mechanical, electrical and power, steel structure, decoration, foundation, scaffolding, form-work, fire-fighting facilities, environmental protection, electronic, waterproof and anti-corrosion, thermal insulation engineering.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, SASE, HIE and their respective ultimate beneficial owner(s) are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE SUPPLY AGREEMENT AND THE CONSTRUCTION CONTRACTS

The Group is principally engaged in the production and supply of industrial gases in the PRC, including oxygen, nitrogen, argon, hydrogen, carbon dioxide and liquified natural gases.

HBIS Laosteel has appointed the Group as its exclusive industrial gas supplier for a period of 15 years from October 2020 to October 2035. As set out in the Prospectus, the development of the TTG New District Plant shall be in two phases. Phase I, completed in June 2021, had a designed production capacity of 140,000 Nm³/hr of oxygen which, in Phase II, will be increased to 200,000 Nm³/hr. The Commission of the ASU and the Construction Works form part of the Group's capital investment for the Phase II expansion of its industrial gas production capacity at the TTG New District Plant, which is expected to bring additional revenues and positive impacts to the industrial gases business of the Group.

The Directors are of the view that the terms of the Supply Agreement and the Construction Contracts are on normal commercial terms and fair and reasonable, and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The highest applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of (i) the Construction Contract A is less than 5%; while those in respect of each of (ii) the Supply Agreement; (iii) the Construction Contract B; and (iv) the Construction Contracts (when aggregated), exceeds 5% but are all less than 25%; as such, the respective transactions contemplated under the Supply Agreement and each of the Construction Contracts constitute discloseable transactions for the Company and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“ASU”	air separation unit, an industrial equipment that separates ambient air into its various molecular components
“Board”	the board of Directors
“Commission”	the commission of SASE by TTG pursuant to the Supply Agreement for (i) the design, manufacture and supply of an ASU; and (ii) provision of technical services, transportation and insurance thereon
“Company”	China Gas Industry Investment Holdings Co. Ltd., a company incorporated in the Cayman Islands with members' limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1940)

“Construction Works”	the construction and installation works to be undertaken in respect of the (i) Hydrogen Production Project; and (ii) the Gas Liquefaction Project, respectively, pursuant to the Construction Contracts
“Construction Contracts”	the Construction Contract A and the Construction Contract B
“Construction Contract A”	the contract dated 22 December 2023 entered into between TTG and HIE in respect of the Hydrogen Production Project Construction Works
“Construction Contract B”	the contract dated 22 December 2023 entered into between TTG and HIE in respect of the Gas Liquefaction Project Construction Works
“Contract Sum (ASU)”	the contract sum of RMB75,860,000 (equivalent to approximately HK\$82.7 million) in respect of the Commission pursuant to the Supply Agreement
“Contract Sum A”	the contract sum of RMB8,500,854 (equivalent to approximately HK\$9.3 million) in respect of the Construction Works for the Hydrogen Production Project pursuant to the Construction Contract A
“Contract Sum B”	the contract sum of RMB38,311,206 (equivalent to approximately HK\$41.8 million) in respect of the Construction Works for the Gas Liquefaction Project pursuant to the Construction Contract B
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Gas Liquefaction Project”	唐山唐鋼氣體有限公司氧氣、氮氣、液化工程項目 (TTG Oxygen, Nitrogen and Liquefaction Engineering Project*) to be undertaken at the TTG New District Plant
“Group”	the Company and its subsidiaries
“HBIS”	HBIS Group Co., Ltd. (河鋼集團有限公司), a joint stock limited company established under the laws of the PRC with limited liability, a wholly owned subsidiary of the Hebei SASAC and a Controlling Shareholder
“HBIS Group”	HBIS and its subsidiaries and their respective associates, but excluding the Group

“HBIS Laosteel”	HBIS Laoting Iron and Steel Co., Ltd. (河鋼樂亭鋼鐵有限公司), a company established under the laws of the PRC with limited liability and a subsidiary of HBIS
“HBIS Tangsteel New District”	the production plant of HBIS Laosteel located in Laoting County, Tangshan City which commenced operation in September 2020
“Hebei SASAC”	the State-owned Assets Supervision and Administration Commission of The People’s Government of Hebei Province (河北省人民政府國有資產監督管理委員會)
“HIE”	河北省安裝工程有限公司 (Hebei Installation Engineering Co. Ltd.*), an Independent Third Party
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hydrogen Production Project”	唐鋼新區二期配套焦爐煤氣制氫項目 (Tangsteel New District Phase II Coking Coal Gas Hydrogen Production Project*) to be undertaken at the TTG New District Plant
“Independent Third Party(ies)”	third parties independent of the Company and its connected persons (as defined in the Listing Rules)
“Laoting”	the Laoting Economic Development Zone, Tangshan City, Hebei Province, the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“Projects”	the Hydrogen Production Project and the Gas Liquefaction Project
“Prospectus”	the prospectus of the Company dated 16 December 2020
“RMB”	Renminbi, the lawful currency of the PRC
“SASE”	四川空分設備(集團)有限責任公司 (Sichuan Air Separation Equipment (Group) Co. Ltd.*), an Independent Third Party
“Share(s)”	ordinary share(s) of US\$0.0001 each in the share capital of the Company

“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supply Agreement”	the agreement dated 22 December 2023 entered into between TTG and SASE in respect of the Commission
“TTG”	唐山唐鋼氣體有限公司 (Tangshan Tangsteel Gases Co. Ltd.), a wholly-owned subsidiary of the Company
“TTG New District Plant”	the industrial gas plant operated by TTG in Laoting County, Tangshan City to supply industrial gases to the HBIS Tangsteel New District (formerly referred to as the Zhongqi Investment plant in the Prospectus)
“%”	per cent.

By order of the Board
China Gas Industry Investment Holdings Co. Ltd.
Yao Li
Chairman and executive Director

Tangshan, 22 December 2023

As of the date of this announcement, the Board comprises: (1) Mr. YAO Li (Chairman) and Ms. GAO Guimin as the executive directors; (2) Mr. LAI Yui, Ms. NG Shuk Ming and Mr. ZHANG Wenli as the non-executive directors; and (3) Mr. SIU Chi Hung, Mr. XIAO Huan Wei and Ms. LI Chun Elsy as the independent non-executive directors

For the purpose of illustration only and unless otherwise stated, conversion of RMB into HK\$ in this announcement is based on the exchange rate of RMB1.00 to HK\$1.09. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.

* *For identification purpose only*