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SINO GAS HOLDINGS GROUP LIMITED

中油潔能控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1759)

**SUPPLEMENTAL ANNOUNCEMENT
CONTINUING CONNECTED TRANSACTIONS — THE LPG SUPPLY
AGREEMENT AND THE CNG SUPPLY AGREEMENT**

Reference is made to the announcement of Sino Gas Holdings Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 31 December 2020 (the “**Announcement**”) in relation to the continuing connected transactions entered into by the Group. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The Company would like to provide the Shareholders and potential investors of the Company with further information as follows:

I. FURTHER INFORMATION IN RELATION TO THE LPG SUPPLY AGREEMENT

As disclosed in the Announcement, the gas charges (for LPG) are determined by the parties (on arm’s length basis and in good faith), and it comprises, amongst other things:

- (i) the basic gas charge, which is determined with reference to prevailing market prices of LPG supplied by the Group to other Independent Third Parties. In determining the prevailing market prices of LPG, the Group’s sales department will make reference to the prices of LPG charged by at least three other independent LPG suppliers near the Group’s business operations. The price of LPG charged to customers varies from different pick-up locations and are centrally approved by the deputy general manager of the Group’s sales department in order to ensure that the prices charged to GZ Jiahexing Development are no less favourable than the market prices charged to other Independent Third Parties in the same pick-up location. The Group’s management will ensure that the staff responsible for setting the price of LPG and the head of the sales department who is responsible for approving the price of LPG is independent of GZ Jiahexing Development; and

- (ii) the finance charge for granting a credit period for a fixed amount (agreed between the parties for each financial year) is determined with reference to the Group's cost of obtaining bank facilities in addition to a premium to be negotiated between the parties of not less than 30%.

II. FURTHER INFORMATION IN RELATION TO THE CNG SUPPLY AGREEMENT

As disclosed in the Announcement, the gas charges (for CNG) are determined by the parties (on arm's length basis and in good faith) with reference to (i) prevailing market prices (such market prices are set by market players with reference to the guiding price issued by the Zhengzhou Commodity Price Bureau) of CNG in Zhengzhou City and (ii) prevailing market prices of CNG purchased by Zhengzhou Public Transportation from other Independent Third Parties.

In determining the prevailing market prices of CNG, the Group will consider its procurement cost of CNG and the prices of CNG charged by at least two other CNG suppliers of similar nature near the Group's business operations. The Group's price of CNG will also be approved and executed by the Group's pricing committee and will be subject to any guiding opinion on price issued by the Zhengzhou Commodity Price Bureau upon consultation with market participants. As at the date of this announcement, the Zhengzhou Commodity Price Bureau has not issued any guiding opinion on price of CNG for 2021. In order to ensure that the terms and prices provided to Zhengzhou Public Transportation are on normal commercial terms and no less favourable to the Group than those provided for the supply of CNG by the Group to other Independent Third Parties in similar market, the Group will regularly (not less than once per month) compare the terms and prices provided to Zhengzhou Public Transportation with the terms and prices provided from at least two other independent third party suppliers of similar nature (or one such supplier in case Zhengzhou Public Transportation procures CNG from only one additional independent third party supplier).

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

Hong Kong, 8 January 2021

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