

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **CHINA GAS HOLDINGS LIMITED**

**中國燃氣控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 384)**

### **CONNECTED TRANSACTION TERMINATION OF TIME CHARTER CONTRACTS**

On 27 February 2024 (after trading hours), Zhongran Energy (as charterer), a wholly-owned subsidiary of the Company, entered into the Termination Deeds each with CG Fortune Legend and CG Fortune Glory (each as respective owner of the two vessels, CHINAGAS LEGEND and CHINAGAS GLORY), pursuant to which the parties agreed to the early termination of the Time Charter Contracts on and with effect from the Termination Effective Date. All rights and obligations under the Time Charter Contracts shall cease on the respective Termination Effective Date.

#### **IMPLICATIONS UNDER THE LISTING RULES**

According to the Hong Kong Financial Reporting Standard 16, the Group (with Zhongran Energy as the charterer) shall recognise leasing of the two vessels, CHINAGAS LEGEND and CHINAGAS GLORY, as right-of-use assets and leasing liability under its consolidated statement of financial position. The termination of the two Time Charter Contracts will result in a decrease in the amount of right-of-use assets recognised by the Group, and thus be regarded as disposal of asset for the purpose of the Listing Rules.

CG Fortune Legend and CG Fortune Glory are wholly-owned subsidiaries of CG Fortune Marine, which is owned by CGGLA and Proud Keen (a wholly-owned subsidiary of the Company) as to 60% and 40%, respectively. Mr. LIU holds 100% equity interests in Joint Coast, which in turn holds 50% equity interests in CGGLA. Mr. LIU, as an executive Director, is a connected person of the Company under the Listing Rules. Accordingly, each of CG Fortune Legend and CG Fortune Glory is an associate of Mr. LIU under the Listing Rules. The transactions contemplated under each of the Termination Deeds thus constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that one or more of the applicable percentage ratios (as defined in the Listing Rules) exceeds 0.1% and all of them are less than 5%, the entering into the Termination Deeds, transactions contemplated thereunder will be subject to reporting and announcement requirements but exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reference is made to the announcement of the Company dated 27 March 2020 in relation to the Time Charter Contracts.

## **TERMINATION OF THE TIME CHARTER CONTRACTS**

On 27 March 2020 (after trading hours), Zhongran Energy (as charterer), a wholly-owned subsidiary of the Company, entered into the Time Charter Contracts with CG Fortune Legend and CG Fortune Glory (as owners) (each as respective owner of the two vessels) respectively for the lease of two vessels, namely "CHINAGAS LEGEND" and "CHINAGAS GLORY", for a term of 10 years from the respective delivery dates stated thereunder.

On 27 February 2024 (after trading hours), Zhongran Energy entered into the Termination Deeds with CG Fortune Legend and CG Fortune Glory respectively, pursuant to which the relevant parties agreed to the early termination of the Time Charter Contracts on and with effect from the Termination Effective Date. All rights and obligations under the Time Charter Contracts shall cease on the respective Termination Effective Date. No termination fee is payable under the Termination Deeds.

The decrease in the aggregate amount of right-of-use assets recognised by the Group under the Termination Deeds amounted to approximately HK\$967,000,000. Compared with the aggregate recognised outstanding balance amounting to approximately HK\$1,043,000,000 of the lease liability under the Time Charter Contracts, it is expected that a gain on early termination of the Time Charter Contracts amounting to approximately HK\$76,000,000 will be recorded by the Group. There will be no sale proceeds in relation to the early termination of the Time Charter Contracts.

### **Reasons and Benefits for Termination of the Time Charter Contracts**

Due to the changes in the LPG transportation industry and LPG vessel chartering market in recent years, it is beneficial to the Group to regain flexibility in chartering vessels to meet its changing LPG transportation demands. Terminating the Time Charter Contracts allows the Group to review the terms offered by the vessels chartering market and optimize its economic benefits by seeking to charter vessels with favourable terms offered by the current vessel chartering market.

The Directors (including independent non-executive Directors but excluding Mr. LIU Ming Hui, Ms. LI Ching, Ms. LIU Chang and Mr. LIU Mingxing who abstained from voting on the Board resolutions approving the Termination Deeds) considered that the terms of the Termination Deeds are entered into on normal commercial terms, in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **IMPLICATION UNDER THE LISTING RULES**

According to the Hong Kong Financial Reporting Standard 16, the Group (with Zhongran Energy as the charterer) shall recognise leasing of the two vessels, CHINAGAS LEGEND and CHINAGAS GLORY, as right-of-use assets and leasing liability under its consolidated statement of financial position. The termination of the Time Charter Contracts will result in a decrease in the amount of right-of-use assets recognised by the Group, and thus be regarded as disposal of asset for the purpose of the Listing Rules.

CG Fortune Legend and CG Fortune Glory are wholly-owned subsidiaries of CG Fortune Marine, which is owned by CGGLA and Proud Keen (a wholly-owned subsidiary of the Company) as to 60% and 40%, respectively. Mr. LIU holds 100% equity interests in Joint Coast, which in turn holds 50% equity interests in CGGLA. Mr. LIU, as an executive Director, is a connected person of the Company under the Listing Rules. Accordingly, each of CG Fortune Legend and CG Fortune Glory is an associate of Mr. LIU under the Listing Rules. The transactions contemplated under each of the Termination Deeds thus constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that one or more of the applicable percentage ratios (as defined in the Listing Rules) exceeds 0.1% and all of them are less than 5%, the entering into the Termination Deeds and the transactions contemplated thereunder will be subject to reporting and announcement requirements but exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Given CG Fortune Legend and CG Fortune Glory are associates of Mr. LIU under the Listing Rules, Mr. LIU has abstained from voting on the Board resolutions approving the Termination Deeds. Further, by virtue of the family relationship of Ms. LIU Chang (an executive Director) and Mr. LIU Mingxing (a non-executive Director) with Mr. LIU, each of Ms. LIU Chang and Mr. LIU Mingxing has or may have a material interest in the transactions contemplated under the Termination Deeds. As such, each of Ms. LIU Chang and Mr. LIU Mingxing has also abstained from voting on the Board resolutions approving the Termination Deeds. In addition, Ms. LI Ching (an executive Director) is a director of Fortune Oil Limited which holds the entire interest of Fortune Oil PRC which in turn holds 50% equity interest in CGGLA. As such, Mr. LI Ching has also abstained from voting on the Board resolutions approving the Termination Deeds. Save for Mr. LIU, Ms. LI Ching, Ms. LIU Chang and Mr. LIU Mingxing, none of the Directors has any material interest in any of the transactions contemplated under the Termination Deeds and is required to abstain from voting on the Board resolutions to approve the same.

### **Information of the Group, Zhongran Energy, CG Fortune Legend and CG Fortune Glory**

The Group is one of the largest trans-regional, integrated energy suppliers and service providers in China. Focusing on China, it is primarily engaged in investing, constructing, and operating city and township gas pipelines, gas terminals, storage and transport facilities, and logistics systems; delivering natural gas and LPG to residential, industrial and commercial users. The Group also builds and operates CNG/LNG fueling stations while developing and applying natural gas and LPG technologies. In

addition, it has drawn on its extensive gas user base to form a comprehensive business portfolio of value-added services, thermal urban heating, new energy, electricity distribution and sales, and energy storage.

Zhongran Energy is engaged in the Group's LPG and liquefied natural gas trading business.

CG Fortune Legend and CG Fortune Glory are wholly-owned subsidiaries of CG Fortune Marine, which is a joint venture established by Proud Keen and CGGLA pursuant to the JV Deed. CG Fortune Marine is principally engaged to own and operate vessels to provide LPG transportation services. CG Fortune Legend and CG Fortune Glory are the owners of "CHINAGAS LEGEND" and "CHINAGAS GLORY", respectively.

## **DEFINITIONS**

The following expressions have the following meanings in this announcement:

"Board"	the board of Directors
"CG Fortune Glory"	China Gas Fortune Glory Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of CG Fortune Marine and an associate of Mr. LIU under the Listing Rules as disclosed in the paragraph headed "Implications under the Listing Rules"
"CG Fortune Legend"	China Gas Fortune Legend Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of CG Fortune Marine and an associate of Mr. LIU under the Listing Rules as disclosed in the paragraph headed "Implications under the Listing Rules"
"CG Fortune Marine"	China Gas Fortune Marine Transportation Limited, a company incorporated in Hong Kong with limited liability, and a connected person of the Company
"CGGLA"	China Gas Group Limited, a company incorporated in Anguilla with limited liability, which is owned by each of Joint Coast and Fortune Oil PRC as to 50%, and a connected person of the Company
"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 (stock code: 384)
"Director(s)"	the director(s) of the Company

“Fortune Oil PRC”	Fortune Oil PRC Holdings Limited, a company incorporated in Hong Kong with limited liability and is owned as to 70% indirectly by Mr. Chiu Tat Jung Daniel as at the date of this announcement
“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
“Joint Coast”	Joint Coast Alliance Market Development Limited, a company incorporated in British Virgin Islands with limited liability and wholly-owned by Mr. LIU
“JV Deed”	the joint venture deed dated 20 December 2017 between CGGLA and Proud Keen in relation to establishment of CG Fortune Marine
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“LPG”	liquefied petroleum gas
“Mr. LIU”	Mr. LIU Ming Hui, an executive Director
“PRC”	the People’s Republic of China, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan are excluded
“Proud Keen”	Proud Keen Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Termination Deeds”	the termination deed dated 27 February 2024 between Zhongran Energy and CG Fortune Legend in relation to termination of Time Contract A and the termination deed dated 27 February 2024 between Zhongran Energy and CG Fortune Glory in relation to termination of Time Charter Contract B

“Termination Effective Date”	on or about 31 July 2024 with respect to the termination of Time Charter Contract A and 27 February 2024 with respect to the termination of Time Charter Contract B, or such other times as may be agreed between the relevant parties in accordance with the Termination Deeds
“Time Charter Contract A”	the Time Charter Contract dated 27 March 2020 (as amended and/or supplemented from time to time) between Zhongran Energy and CG Fortune Legend in relation to leasing of CHINAGAS LEGEND
“Time Charter Contract B”	the Time Charter Contract dated 27 March 2020 (as amended and/or supplemented from time to time) between Zhongran Energy and CG Fortune Glory in relation to leasing of CHINAGAS GLORY
“Time Charter Contracts”	Time Charter Contract A and Time Charter Contract B
“US\$”	US dollars, the lawful currency of the United States of America
“Zhongran Energy”	Zhongran Energy Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“%”	per cent

By order of the Board  
**China Gas Holdings Limited**  
**LIU Ming Hui**  
*Chairman and President*

Hong Kong, 27 February 2024

*As at the date of this announcement, Mr. LIU Ming Hui, Mr. HUANG Yong, Mr. ZHU Weiwei, Ms. LI Ching, Ms. LIU Chang and Mr. ZHAO Kun are the executive directors of the Company; Mr. XIONG Bin, Mr. LIU Mingxing, Mr. JIANG Xinhao and Mr. Ayush GUPTA are the non-executive directors of the Company; and Mr. ZHAO Yuhua, Dr. MAO Erwan, Ms. CHEN Yanyan, Mr. ZHANG Ling and Dr. MA Weihua are the independent non-executive directors of the Company.*

\* *For identification purpose only*