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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)**

### **CONNECTED TRANSACTION TIME CHARTER CONTRACTS**

#### **TIME CHARTER CONTRACTS**

Reference is made to the announcement of the Company dated 20 December 2017. On 20 December 2017, Proud Keen and CGGLA entered into the JV Deed in relation to the formation of a joint venture. Pursuant to the JV Deed, the purpose for the formation of joint venture is to own and operate vessels to provide LPG transportation services. The joint venture shall, in priority, provide transportation services for the Group's LPG purchase.

On 27 March 2020 (after trading hours), Zhongran Energy (as charterer), a subsidiary of the Company, entered into two Time Charter Contracts with CG Fortune Legend and CG Fortune Glory (as owners) (i.e. the wholly-owned subsidiaries of CG Fortune Marine and the respective owners of the vessels. CG Fortune Marine is the joint venture established under the JV Deed.) respectively for the lease of two vessels, namely "CHINAGAS LEGEND" and "CHINAGAS GLORY", for a term of 10 years from the respective Delivery Dates.

#### **IMPLICATIONS UNDER 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, the executive chairman, managing director and president of the Company, held 100% equity interests in Joint Coast, which in turn held 50% equity interests in CGGLA. Accordingly, CG Fortune Legend and CG Fortune Glory are connected persons of the Company pursuant to 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 of the Time Charter Contracts and the transactions contemplated thereunder will constitute connected transactions of the Company subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## INTRODUCTION

Reference is made to the announcement of the Company dated 20 December 2017. On 20 December 2017, Proud Keen and CGGLA entered into the JV Deed in relation to the formation of a joint venture. Pursuant to the JV Deed, the purpose for the formation of joint venture is to own and operate vessels to provide LPG transportation services. The joint venture shall, in priority, provide transportation services for the Group's LPG purchase.

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## TIME CHARTER CONTRACT A

The principal terms of the Time Charter Contract A are as follows:

<b>Date</b>	27 March 2020
<b>Parties</b>	(i) Charterer: Zhongran Energy (ii) Owner: CG Fortune Legend
<b>Vessel:</b>	"CHINAGAS LEGEND", a self-built vessel of CG Fortune Legend
<b>Term:</b>	From the Delivery Date for a term of 10 years.
<b>Fixed rent:</b>	From the Delivery Date, the daily rent will be US\$34,760.
<b>Payment term:</b>	Rent shall be paid on a monthly basis.

## **TIME CHARTER CONTRACT B**

The principal terms of the Time Charter Contract B are as follows:

- Date:** 27 March 2020
- Parties:** (i) Charterer: Zhongran Energy  
(ii) Owner: CG Fortune Glory
- Vessel:** “CHINAGAS GLORY”, a self-built vessel of CG Fortune Glory
- Term:** From the Delivery Date for a term of 10 years.
- Fixed rent:** From the Delivery Date, the daily rent will be US\$34,760.
- Payment term:** Rent shall be paid on a monthly basis

## **REASONS FOR THE ENTERING INTO OF THE TIME CHARTER CONTRACTS**

The Group fulfils the transportation demands for its LPG business development and diversified business models through the Time Charter Contracts. The Group can use the vessels leased under the Time Charter Contracts for a long-term at a fixed rent despite price changes in the vessel chartering market. Under the Time Charter Contracts, Zhongran Energy has the rights to use the two leased vessels, including the right to sub-lease such vessels to third parties during the time charter period at its absolute discretion, which allows the Group to have more flexibility and optimize its economic benefits in deploying the vessels. The prices and other terms offered by CG Fortune Legend and CG Fortune Glory to the Group under the Time Charter Contracts are determined after taking into account relevant market comparables and are no less favourable than those offered to the Group by other independent third parties.

The Board (including the independent non-executive Directors) considers that the terms of the Time Charter Contracts are fair and reasonable and on normal commercial terms, and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

## **IMPLICATION UNDER THE LISTING RULES**

Zhongran Energy is a subsidiary of the Company. 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, the executive chairman, managing director and president of the Company, held 100% equity interests in Joint Coast, which in turns held 50% equity interests in CGGLA. Accordingly, CG Fortune Legend and CG Fortune Glory are connected persons of the Company pursuant to the Listing Rules.

The daily rent for two vessels, CHINAGAS LEGEND and CHINAGAS GLORY, will be US\$69,520. Based on 365 days in a year, it is equivalent to approximately US\$25,374,800 (approximately HK\$197,923,440) per year. According to the Hong Kong Financial Reporting Standard 16, the Group, as the charterer, shall recognise leasing as right-of-use asset and leasing liability under the consolidated statement of financial position of the Group. According to the definition of transaction under Rule 14.24(1) of the Listing Rules, the transaction will be deemed as an acquisition of assets. The value of right-of-use assets recognized under the transaction (the “Right-of-Use Assets Value”) will be approximately HK\$1,580,993,314. The amount of lease liabilities recognised under the transaction shall be same as the Right-of-Use Assets Value recognised. The rent is determined based on arm’s length negotiation between the parties with reference to the construction costs and the relevant operating expenses of vessels, as well as prevailing market return.

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 of the Time Charter Contracts and the transactions contemplated thereunder will constitute a connected transaction of the Company subject to the reporting and announcement requirements but exempt from independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

As at the date of this announcement, CGGL holds 757,493,600 shares of the Company, representing approximately 14.52% of the issued share capital of the Company, and therefore is a substantial shareholder of the Company under the Listing Rules. CGGL is held by Joint Coast and Fortune Oil PRC as to 50% and 50% respectively. Joint Coast is wholly-owned by Mr. LIU, the executive chairman, managing director and president of the Company.

As Mr. LIU, the executive chairman, managing director and president of the Company, has more than 30% indirect interest in CG Fortune Legend and CG Fortune Glory, and by virtue of the family relationship of Mr. LIU Mingxing (a non-executive Director) with Mr. LIU, each of Mr. LIU and Mr. LIU Mingxing has or may have a material interest in the transactions contemplated under the Time Charter Contracts. In addition, Ms. LI Ching, an executive director of the Company, is a director of Fortune Oil Limited which holds entire interest of Fortune Oil PRC which in turn holds 50% equity interest in CGGLA. Mr. LIU, Mr. LIU Mingxing and Ms. LI Ching have abstained from voting on the resolutions approving the entering into of the Time Charter Contracts at the meeting of the Board.

## **GENERAL**

The Group is a gas operator and service provider principally engaged in the investment, construction and operation of city and town gas pipeline infrastructure facilities, gas terminals, storage and transportation facilities and gas logistics systems, transmission of natural gas and LPG to residential, industrial and commercial users, construction and operation of compressed natural gas/liquefied natural gas refilling stations; and development and application of technologies relating to natural gas and LPG in the PRC.

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. The operation of CG Fortune Marine is 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 Marine”	China Gas Fortune Marine Transportation Limited, a company incorporated in Hong Kong with limited liability, and a connected person of the Company
“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 a connected person of the Company 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 a connected person of the Company as disclosed in the paragraph headed “Implications under the Listing Rules”
“CGGL”	China Gas Group Limited, a company incorporated in Hong Kong with limited liability, and a substantial shareholder 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)
“Delivery Date(s)”	the date(s) on which CG Fortune Legend and CG Fortune Glory deliver CHINAGAS LEGEND and/or CHINAGAS GLORY (as the case may be) to Zhongran Energy, which is expected to take place from around 25 May 2020 to 30 September 2020
“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, the executive chairman, the managing director and the president of the Company
“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
“Time Charter Contract A”	the Time Charter Contract dated 27 March 2020 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 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\$” United States 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 subsidiary of the Company

*Note:* For the purpose of this announcement, unless otherwise indicated, the exchange rate of US\$1 = HK\$7.8 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged.

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

Hong Kong, 27 March 2020

*As at the date of this announcement, Mr. LIU Ming Hui, Mr. HUANG Yong, Mr. ZHU Weiwei 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*