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Zhonghua Gas Holdings Limited
(中華燃氣控股有限公司)

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 8246)

DISCLOSEABLE TRANSACTION
IN RELATION TO THE DISPOSAL OF SUBSIDIARIES

SALE AND PURCHASE AGREEMENT

On 30 April 2019 (after trading hours), the Company as vendor entered into the Sale and Purchase Agreement with the Purchaser as purchaser in relation to the disposal of the Target Group by the Company for a consideration of RMB2,000,000 (equivalent to approximately HK\$2,331,000) which will be settled by the Purchaser in cash.

IMPLICATIONS OF THE GEM LISTING RULES

As one of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Disposal exceeds 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement under the GEM Listing Rules.

The Board is pleased to announce that on 30 April 2019 (after trading hours), the Company as vendor entered into the Sale and Purchase Agreement with the Purchaser as purchaser in relation to the disposal of the Target Group by the Company for a consideration of RMB2,000,000 (equivalent to approximately HK\$2,331,000) which will be settled by the Purchaser in cash.

THE SALE AND PURCHASE AGREEMENT

Date 30 April 2019

Parties to the Sale and Purchase Agreement

- (a) the Company as vendor; and
- (b) the Purchaser as purchaser.

To the best of the Director's knowledge, information and belief, having made all reasonable enquiries, the Purchaser is an Independent Third Party and is not connected with the Company and its Connected Persons.

Assets to be disposed of

Subject to the terms and conditions of the Sale and Purchase Agreement, the Company has agreed to sell, and the Purchaser has agreed to purchase:

- (a) Wealth Grade Limited, which has three wholly-owned subsidiaries and one associated company; and
- (b) Shanghai Fu Kai, which has one wholly-owned subsidiary.

For further corporation information of the members of the Target Group, please refer to the paragraph headed "Information relating to the Target Group" below.

Consideration

The consideration for the Disposal is RMB2,000,000 (equivalent to approximately HK\$2,331,000) and will be settled by the Purchaser in cash in the following manner:

- (a) a sum of RMB1,000,000 will be paid within ten Business Days from the date of the Sale and Purchase Agreement; and
- (b) a sum of RMB1,000,000 will be paid on or before 28 June 2019.

The consideration was arrived at based on normal commercial terms after arm's length negotiations among the parties to the Sale and Purchase Agreement with reference to: (i) the valuation of the tangible assets and leasehold improvement held under four restaurants by the Target Group as at 31 March 2019 of RMB1,828,000 as set out in the appraisal report issued by an independent valuer engaged by the Company who has used both the cost approach and the market approach in arriving at the market value; and (ii) the arrangement that RMB400,000 out of the consideration for the Disposal (i.e. RMB2,000,000) will be used to settle the amount of RMB400,000 due from the Target Group to the Group (excluding the Target Group).

Completion

Completion took place on 30 April 2019, after the execution of the Sale and Purchase Agreement.

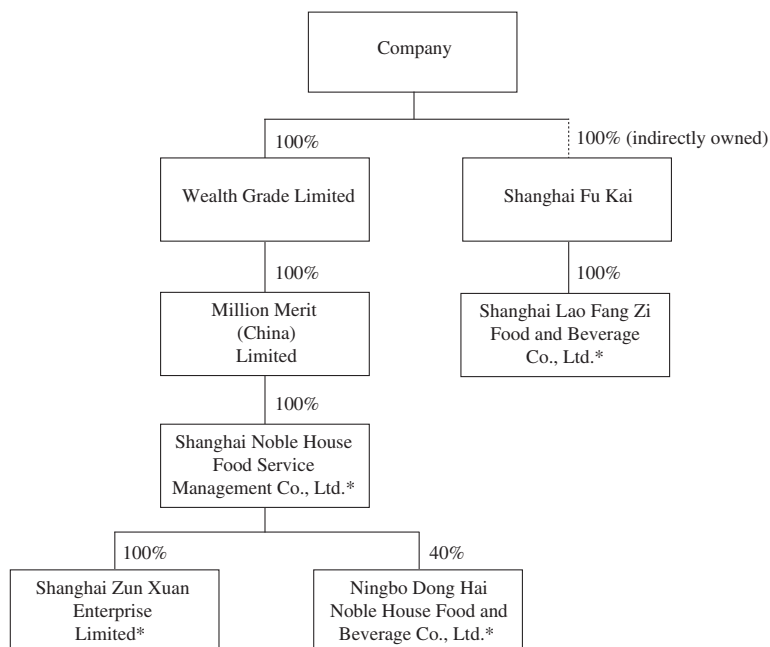
On Completion, the Company transferred the entire issued share capital of Wealth Grade Limited to the Purchaser. Since then, the Company no longer holds any interest in Wealth Grade Limited and its subsidiaries and its associated company, which all ceased to be subsidiaries or associated company (as the case may be) of the Company.

Pursuant to the provisions of the Sale and Purchase Agreement, after Completion, the Company will procure its wholly-owned subsidiary (namely, Crown Joy Management Limited, a company incorporated in Hong Kong) to enter into the Equity Transfer Agreement with the Purchaser (or his wholly-owned subsidiary nominated by him) for the transfer of the entire equity interest in Shanghai Fu Kai from the Group to the Purchaser or his nominee. After the Equity Transfer Agreement is submitted to the relevant Administration of Industry and Commerce of the PRC for registration and a new business licence is issued to Shanghai Fu Kai, the Company will not hold any interest in Shanghai Fu Kai and its subsidiary, which will all cease to be subsidiaries of the Company.

INFORMATION RELATING TO THE TARGET GROUP

Corporate structure

Below is the corporate structure of the Target Group:



Corporate information

- | | | |
|---|---|---|
| 1. Name | : | Wealth Grade Limited |
| Date of incorporation | : | 8 August 2011 |
| Place of incorporation | : | BVI |
| Scope of business | : | investment holding |
| Authorised share capital | : | maximum of 50,000 shares of US\$1.00 each |
| Issued share capital | : | one share |
| Shareholder
(percentage of shareholding) | : | the Company (100%) |

2. Name : **Million Merit (China) Limited**
- Date of incorporation : 1 February 2007
- Place of incorporation : Hong Kong
- Scope of business : investment holding
- Issued share capital : 600,000 shares
- Shareholder : Wealth Grade Limited (100%)
(percentage of ownership)
3. Name : 上海名軒樓餐飲管理有限公司
Shanghai Noble House Food Service Management Co., Ltd.*
- Date of establishment : 22 December 2003
- Place of establishment : Shanghai, PRC
- Scope of business : management service
- Duration of operation : 22 December 2003 to 21 December 2023
- Registered capital : US\$2,000,000 (fully paid-up)
- Equity holder : Million Merit (China) Limited (100%)
(percentage of ownership)
4. Name : 上海尊軒實業有限公司
Shanghai Zun Xuan Enterprise Limited*
- Date of establishment : 10 December 2014
- Place of establishment : Shanghai, PRC
- Scope of business : food trading
- Duration of operation : 10 December 2014 to 9 December 2034
- Registered capital : RMB100,000 (fully paid-up)
- Equity holder : 上海名軒樓餐飲管理有限公司(100%)
(percentage of ownership)

5. Name : 寧波東海名軒餐飲有限公司
Ningbo Dong Hai Noble House Food and Beverage Co., Ltd.*

Date of establishment : 14 December 2011

Place of establishment : Shanghai, PRC

Scope of business : dormant

Duration of operation : 14 December 2011 to 13 December 2021

Registered capital : RMB1,000,000 (fully paid-up)

Equity holder : 上海名軒樓餐飲管理有限公司(40%)
 (percentage of ownership) 寧波瀾鷹國際貿易有限公司 (60%)

6. Name : 上海富愷商務諮詢有限公司
Shanghai Fu Kai Commercial Consultation Company Limited*
- Date of establishment : 13 July 2017
- Place of establishment : Shanghai, PRC
- Scope of business : investment holding
- Duration of operation : 13 July 2017 to 12 July 2047
- Registered capital : US\$150,000 (fully paid-up)
- Equity holder : Crown Joy Management Limited (100%)
(percentage of ownership)
7. Name : 上海老房子餐飲管理有限公司
Shanghai Lao Fang Zi Food and Beverage Co., Ltd.*
- Date of establishment : 29 August 2002
- Place of establishment : Shanghai, PRC
- Scope of business : operating restaurant
- Duration of operation : 29 August 2002 to 28 August 2022
- Registered capital : RMB1,000,000 (fully paid-up)
- Equity holder : Shanghai Fu Kai(100%)
(percentage of ownership)

Business operation

The Target Group is engaged in the operation of four Chinese restaurants in Shanghai, the PRC, one of which has been outsourced to and operated by an independent contractor. The Target Group is also engaged in the operation of non-staple food trading business.

Financial information

The aggregate unaudited net asset value of the Target Group as at 31 March 2019 was approximately RMB928,000.

The combined unaudited revenue and net profit attributable to the Target Group for the two years ended 31 December 2018 were as follows:

	During the year ended	
	31 December 2017	31 December 2018
	(unaudited)	(unaudited)
	<i>RMB,000</i>	<i>RMB,000</i>
Revenue	45,595	43,474
Net profit/(loss) before taxation	752	(3,835)
Net profit /(loss) after taxation	2,039	(3,870)

REASONS FOR ENTERING INTO THE DISPOSAL

The Group is principally engaged in the provision of diverse integrated new energy services including technological development, construction and consultancy services, operation of liquefied natural gas stations, coupled with trading of new energy related industrial products; the operation of restaurants and trading of non-staple food; and property investment.

The Target Group is engaged in the operation of Chinese restaurants and trading of non-staple food. Revenue derived from such catering business has been decreasing in the past years and has not been performing at forecast levels. The Directors do not foresee a significant turnaround in the near future and believe that it is more commercially favourable to dispose of the Target Group and to allocate greater resources to other business of the Group. The Directors believe that the Disposal coincides with the Group's business strategy to further develop its new energy business and expand its business coverage. Having considered the above, the Board is of the view that the Disposal is fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

Upon completion of the Disposal, a gain of approximately RMB672,000, being the sale proceeds less the amount due from the Target Group to the Group (excluding the Target Group) and the carrying amount of the net assets of the Target Group as at 31 March 2019, will arise. Shareholders should note that the actual gain from the Disposal to be recorded by the Group will depend on the net asset value of the Target Group as at the date of completion of the Disposal. The net proceeds of approximately RMB1,600,000 from the Disposal will be used as the working capital of the Group.

GEM LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Disposal exceeds 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement under the GEM Listing Rules.

DEFINITIONS

“Board”	the board of Directors
“Business Day”	a day (other than Saturdays or Sundays) on which banks are open for business in Hong Kong
“BVI”	British Virgin Islands
“Company”	Zhonghua Gas Holdings Limited (中華燃氣控股有限公司), a company incorporated under the laws of Cayman Islands with limited liability and the shares of which are listed on GEM of the Stock Exchange (stock code: 8246)
“Completion”	completion of the transfer of Wealth Grade Limited from the Company to the Purchaser
“Connected Person(s)”	has the meaning given to that term in the GEM Listing Rules
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Target Group by the Company as contemplated under the Sale and Purchase Agreement

“Equity Transfer Agreement”	the standard form equity transfer agreement to be entered into between the Group and the Purchaser (or his wholly-owned subsidiary nominated by him) in relation to the transfer of the entire equity interest of Shanghai Fu Kai from the Group to the Purchaser or his nominee
“GEM Listing Rules”	the Rules Governing the Listing on GEM of Securities on the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	party who is not Connected Person(s) of the Company and who together with its ultimate beneficial owner are independent of the Company and of Connected Persons of the Company and their respective associates (as defined in the GEM Listing Rules)
“Purchaser”	Mr. Ng Cheuk Fai (吳焯輝), a merchant, a Hong Kong citizen, the purchaser under the Sale and Purchase Agreement and an Independent Third Party
“PRC”	People’s Republic of China
“Sale and Purchase Agreement”	an unconditional sale and purchase agreement dated 30 April 2019 entered into between the Company as vendor and the Purchaser as purchaser in respect of the sale and purchase of the Target Group
“Shanghai Fu Kai”	Shanghai Fu Kai Commercial Consultation Company Limited* (上海富愷商務諮詢有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Shareholder(s)”	holder(s) of the ordinary share(s) of HK\$0.00125 each in the existing issued share capital of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Group”	being a total of six subsidiaries (namely, Wealth Grade Limited; Million Merit (China) Limited; Shanghai Noble House Food Service Management Co., Ltd.*; Shanghai Zun Xuan Enterprise Limited*, Shanghai Fu Kai and Shanghai Lao Fang Zi Food and Beverage Co., Ltd.*) and one associated company (namely, Ningbo Dong Hai Noble House Food and Beverage Co., Ltd.*)
“Wealth Grade Limited”	Wealth Grade Limited, a company incorporated in the BVI and a direct wholly-owned subsidiary of the Company prior to Completion
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

By order of the Board
Zhonghua Gas Holdings Limited
Chan Wing Yuen, Hubert
Chief executive officer and executive Director

Hong Kong, 30 April 2019

* For identification purpose only

For illustration purposes only, the exchange rate of HK\$1.00 = RMB0.858 has been adopted for translating RMB into HK\$ in this announcement. No representation is made that any amounts can be or could have been converted at the relevant dates at the above rate or any other rates at all.

As at the date of this announcement, the executive Directors are Mr. Hu Yishi, Mr. Chan Wing Yuen, Hubert, Ms. Lin Min, Mindy, Ms. Kwong Wai Man, Karina; and the independent non-executive Directors are Mr. Lui Tin Nang, Ms. Ma Lee and Mr. Lau Kwok Kee.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the GEM website at www.hkgem.com and, in the case of this announcement, on the “Latest Company Announcements” page for at least 7 days from the date of its posting. This announcement will also be published on the Company’s website at www.8246hk.com.