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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)

**DISCLOSEABLE TRANSACTION
FORMATION OF JOINT VENTURE COMPANY**

AND

**MAJOR TRANSACTION
CHARTERING OF TWO LNG VESSELS**

FORMATION OF 2024 JOINT VENTURE COMPANY

On 12 March 2024 (after trading hours), China City Gas (a wholly-owned subsidiary of the Company), Summit Energy and Fortune Clean Energy entered into the 2024 Joint Venture Agreement, pursuant to which the 2024 Joint Venture Company will be established in relation to the acquisition, owning and chartering out the two 2024 LNG Vessels. The 2024 Joint Venture Company will not become a subsidiary of the Company upon its formation and its financial results will not be consolidated into the financial statements of the Group.

CHARTERING OF TWO 2024 LNG VESSELS

Pursuant to the 2024 Joint Venture Agreement, the Charterer (a wholly-owned subsidiary of the Company) shall time charter the two 2024 LNG Vessels for a term of 20 years.

IMPLICATIONS UNDER THE LISTING RULES

Reference is made to the 2023 Announcement in relation to, among other things, the formation of a joint venture. As the formation of the 2024 Joint Venture Company is of similar nature with the formation of the joint venture company in 2023 as disclosed in the 2023 Announcement by the Group with the same parties or with parties connected or otherwise associated with one another within the past 12-month period, the formation of the two joint venture companies is aggregated as a single transaction pursuant to Chapter 14 of the Listing Rules. As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the formation of the two joint venture companies exceeds 5% but is less than 25%, the transactions contemplated thereunder constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements but are exempt from the shareholders' approval requirement.

Reference is made to the 2023 Announcement in relation to, among other things, the 2023 Time Charterparties for chartering two LNG vessels for a term of 20 years. As the 2024 Time Charterparties are of similar nature with the 2023 Time Charterparties and entered into by the Group with the same party or with parties connected or otherwise associated with one another within the past 12-month period, the 2024 Time Charterparties and 2023 Time Charterparties are aggregated as a single transaction pursuant to Chapter 14 of the Listing Rules. Upon aggregation of the 2024 Time Charterparties and 2023 Time Charterparties, one of the applicable percentage ratios (as defined under the Listing Rules) exceeds 25% but all such ratios are less than 100%. The 2024 Time Charterparties (when considered in aggregate with the 2023 Time Charterparties) constitute a major transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement and shareholders' approval requirements.

An EGM will be convened for the purpose of considering and, if thought fit, approving the 2024 Time Charterparties and the transactions contemplated thereunder.

A circular containing, among other things, (i) details of the 2024 Time Charterparties; and (ii) a notice of the EGM, will be despatched to the Shareholders on or before 31 March 2024 in accordance with the Listing Rules.

FORMATION OF JOINT VENTURE COMPANY

On 12 March 2024 (after trading hours), China City Gas, Summit Energy and Fortune Clean Energy entered into the 2024 Joint Venture Agreement, pursuant to which the 2024 Joint Venture Company will be established in relation to the acquisition, owning and chartering out the two 2024 LNG Vessels.

The 2024 Joint Venture Agreement contains customary terms for joint ventures of similar nature, and the principal terms of which are as follows:

Date

12 March 2024 (after trading hours)

Parties

- (1) China City Gas (a wholly-owned subsidiary of the Company)
- (2) Summit Energy
- (3) Fortune Clean Energy

Subscription of shares by the JV Partners

Pursuant to the terms of the 2024 Joint Venture Agreement, the amount to be paid by the JV Partners for the initial subscription of shares of the 2024 Joint Venture Company will be as follows:

JV Partners	Subscription amount <i>USD</i>	Shareholding percentage <i>%</i>
China City Gas	30	30
Summit Energy	45	45
Fortune Clean Energy	<u>25</u>	<u>25</u>
Total	<u><u>100</u></u>	<u><u>100</u></u>

The 2024 Joint Venture Company will not become a subsidiary of the Company upon its formation and its financial results will not be consolidated into the financial statements of the Group.

Funding for the 2024 Joint Venture Company and acquisition of 2024 LNG Vessels

The 2024 Joint Venture Company shall set up two wholly-owned special purpose vehicles for the purpose of acquiring and owning each of the 2024 LNG Vessels to be designed and built by a third party shipbuilder (which is and its ultimate beneficial owners are third parties independent of the Company and its connected persons).

The 2024 Joint Venture Company shall seek external financing for the purpose of acquiring and owning of the two 2024 LNG Vessels, on the terms and conditions (including any encumbrance, security interest or shareholders' guarantee that may be required in respect of such external financing) to be agreed between the financier and the 2024 Joint Venture Company, which shall be unanimously approved by the board of directors of the 2024 Joint Venture Company. To the extent not financed by

external financing, the 2024 Joint Venture Company shall seek funding by way of (a) capital contributions by the JV Partners in proportion to their respective shareholding in the 2024 Joint Venture Company; and/or (b) shareholders' loans from the JV Partners of such amount in proportion to their respective shareholding in the 2024 Joint Venture Company. According to the 2024 Joint Venture Agreement, any capital contribution from the JV Partners to the 2024 Joint Venture Company (including any call for additional funding or granting of guarantee to third parties) shall be subject to unanimous approval of the JV Partners.

For the purpose of building and owning the 2024 LNG Vessels, the JV Partners expect to advance shareholders' loans, inject further capital or provide loan guarantees to the 2024 Joint Venture Company, of such amount in proportion to their respective shareholdings in the 2024 Joint Venture Company. On the basis of the aforesaid, China City Gas currently expects to commit USD142.8 million in the 2024 Joint Venture Company, in the form of (1) capital injections into the 2024 Joint Venture Company at various stages of the vessel construction; (2) shareholders' loans to the 2024 Joint Venture Company; and/or (3) loan guarantees for the 2024 Joint Venture Company.

Board and management of the 2024 Joint Venture Company

The board of directors of the 2024 Joint Venture Company shall consist of four directors. A JV Partner shall have the right to nominate a person as director for every 20% of the shares it holds, including the right to require such director to resign from office and nominate other person(s) as replacement. Where a JV Partner's shareholding is reduced below the required percentage of shares for the purpose of nomination of a director, such JV Partner shall cause the director(s) nominated by it to be removed from office. The chairman of the board shall be nominated by the board of directors of the 2024 Joint Venture Company in the first meeting and the role of chairman shall rotate among the directors of the 2024 Joint Venture Company at each subsequent meeting.

All decisions of the board of the directors of the 2024 Joint Venture Company shall be approved by way of majority vote, save for matters requiring unanimous consent of all directors. All decisions of the JV Partners as shareholders of the 2024 Joint Venture Company shall be decided by majority of shares represented at the meeting by JV Partners present and voting, save for matters requiring unanimous consent of all JV Partners (including but not limited to any call upon the JV Partners for additional funding or granting of guarantee to third parties).

Distribution of profit

The distributable profits of the 2024 Joint Venture Company shall be distributed to the JV Partners in proportion to their respective shareholdings.

Restriction on transfer of equity interests

Without the prior written consent of the other parties to the 2024 Joint Venture Agreement or unless otherwise permitted therein, any JV Partner shall not transfer its shareholding interests in the 2024 Joint Venture Company.

CHARTERING OF THE TWO 2024 LNG VESSELS

Pursuant to the 2024 Joint Venture Agreement, the Charterer shall, as soon as practicable and after the subscription, enter into the 2024 Time Charterparties for chartering the two 2024 LNG Vessels.

It is expected that the Charterer will charter the two 2024 LNG Vessels for a term of 20 years and the expected principal terms of which are as follows:

Charter period

The charter period shall be a period of 20 years commencing from the date of delivery of the two 2024 LNG Vessels.

Charter hire

The charter hire for each 2024 LNG Vessel shall be at a daily hire rate of approximately USD87,000 to USD100,000, payable on a monthly basis. The rate of the charter hire is determined after arm's length negotiation, and the Company considers such rate to be reasonable having compared the current market rate of charter hire by reference to the type of the 2024 LNG Vessels. Pursuant to HKFRS 16, the Company will recognise the estimated value of right-of-use asset on its consolidated statement of financial position in connection with the 2024 Time Charterparties. The estimated value of the right-of-use asset to be recognized by the Company under the terms of the 2024 Time Charterparties amounted to approximately HK\$6,721 million in aggregate, representing the present value of the aggregate charter hire payable thereunder in accordance with HKFRS 16 on the respective commencement dates of the charter hire.

REASONS FOR AND BENEFITS OF THE FORMATION OF THE 2024 JOINT VENTURE COMPANY AND CHARTERING OF THE 2024 LNG VESSELS

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 gas logistics systems; transmitting natural gas and LPG to residential, industrial and commercial users; constructing and operating compressed natural gas/liquefied natural gas fuelling stations; and developing and applying natural gas and LPG-related technologies. China City Gas is a company incorporated in the PRC and a wholly-owned subsidiary of the Company. Its principal business activity is investment holding. The Charterer is a company incorporated in the PRC and a wholly-owned subsidiary of the Company. Its principal business activity is to plan and implement LNG trading strategy of the Group.

The formation of the 2024 Joint Venture Company and the chartering of the 2024 LNG Vessels will allow the Group to secure a stable supply of LNG vessels for its LNG business development and diversified business models. The Group can use the 2024 LNG Vessels leased for a long term at a pre-determined rate with certainty despite price fluctuation in the vessel chartering market.

Fortune Clean Energy is a subsidiary of one of the world's leading ship leasing companies. Summit Energy is a subsidiary of a well-established shipping company. By partnering with these experienced shipping companies to form the 2024 Joint Venture Company, the Group can tap into their rich experience and technical expertise and hence enhance its transportation and logistics capabilities.

The Directors (including the independent non-executive Directors) are of the view that the formation of the 2024 Joint Venture Company and the chartering of the 2024 LNG Vessels are on normal commercial terms, which are fair and reasonable and in the interest of the Company and the Shareholders as a whole. The initial subscription of shares of the 2024 Joint Venture Company, the further injection of capital and provision of shareholders' loan into the 2024 Joint Venture Company, and payments of charter hire under the 2024 Time Charterparties are expected to be satisfied by the internal resources of the Group.

As none of the Directors has a material interest in the transactions contemplated under the 2024 Joint Venture Agreement, none of them is required to abstain from voting on the relevant board resolutions of the Company.

INFORMATION OF THE JV PARTNERS

Summit Energy

Summit Energy is a company incorporated in British Virgin Islands and is principally engaged in ship owning and asset management in relation to shipbuilding consultancy, ship management and commercial management. Summit Energy is a wholly-owned subsidiary of Wah Kwong Maritime Transport Holdings Limited. As one of Hong Kong's leading privately owned shipowners, Wah Kwong Maritime Transport Holdings Limited owns and operates a diversified fleet of ships in addition to offering a full range of technical and commercial management service to customer and owners. To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, as at the date of this announcement, Wah Kwong Maritime Transport Holdings Limited is ultimately beneficially owned by The New George S.K. Chao Trust.

Fortune Clean Energy

Fortune Clean Energy is a company incorporated in the Marshall Islands and is principally engaged in the provision of ship leasing services. Fortune Clean Energy is a wholly-owned subsidiary of CSSC (Hong Kong) Shipping Company Limited ("CSSC"), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 3877). CSSC's main business includes lease services, shipbroking services and financing services.

To the best of the Directors' knowledge, information, and belief, having made all reasonable enquiries, Summit Energy, Fortune Clean Energy and their ultimate beneficial owners are independent third parties of the Company and its connected persons.

IMPLICATIONS UNDER THE LISTING RULES

Reference is made to the 2023 Announcement. Upon the formation of the joint venture company pursuant to the 2023 Joint Venture Agreement, the JV Parties have determined to further inject capital into such joint venture company, advance shareholders' loan or provide loan guarantees for the joint venture company for building and owning the 2023 LNG Vessels. China City Gas currently expects to commit USD142.8 million for this purpose. As the formation of the 2024 Joint Venture Company is of similar nature with the formation of the joint venture company in 2023 as disclosed in the 2023 Announcement by the Group with the same parties or with parties connected or otherwise associated with one another within the past 12-month period, the formation of the two joint venture companies is aggregated as a single transaction pursuant to Chapter 14 of the Listing Rules. As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the formation of the two joint venture companies exceeds 5% but is less than 25%, the transactions contemplated thereunder constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements but are exempt from the shareholders' approval requirement.

Reference is also made to the 2023 Announcement in relation to, among other things, the 2023 Time Charterparties for chartering two LNG vessels for a term of 20 years. As the 2024 Time Charterparties are of similar nature with the 2023 Time Charterparties and entered into by the Group with the same party or with parties connected or otherwise associated with one another within the past 12-month period, the 2024 Time Charterparties and 2023 Time Charterparties are aggregated as a single transaction pursuant to Chapter 14 of the Listing Rules. Upon aggregation of the 2024 Time Charterparties and 2023 Time Charterparties, one of the applicable percentage ratios (as defined under the Listing Rules) exceeds 25% but all such ratios are less than 100%. The 2024 Time Charterparties (when considered in aggregate with the 2023 Time Charterparties) and the transactions contemplated thereunder constitute a major transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement and shareholders' approval requirements.

GENERAL

An EGM will be convened for the purpose of considering and, if thought fit, approving the 2024 Time Charterparties and the transactions contemplated thereunder.

A circular containing, among other things, (i) details of the 2024 Time Charterparties; and (ii) a notice of the EGM, will be despatched to the Shareholders on or before 31 March 2024 in accordance with the Listing Rules.

DEFINITIONS

Unless the contents otherwise requires, the following expressions have the following meaning in this announcement:

“2023 Announcement”	announcement of the Company dated 18 July 2023 in relation to, among other things, the formation of a joint venture and the 2023 Time Charterparties
“2023 Joint Venture Agreement”	the joint venture agreement dated 18 July 2023 entered into between China City Gas, Vantage Energy and Fortune Clean Energy in relation to the formation and management of a joint venture company
“2024 Joint Venture Agreement”	the joint venture agreement dated 12 March 2024 entered into between the JV Partners in relation to the formation and management of the 2024 Joint Venture Company
“2024 Joint Venture Company”	Ocean Jade Investment Limited, the 2024 Joint Venture Company to be established pursuant to the terms of the 2024 Joint Venture Agreement
“2024 LNG Vessel”	each of the two LNG carriers to be acquired, owned and chartered out by its respective 2024 Vessel Owner pursuant to the 2024 Joint Venture Agreement
“2023 Time Charterparties”	the LNG time charters entered into between the Charterer and the relevant vessel owner, in relation to the chartering of the two LNG vessels pursuant to the 2023 Joint Venture Agreement
“2024 Time Charterparties”	the LNG time charters to be entered into between the Charterer and the relevant 2024 Vessel Owner, in relation to the chartering of the two LNG Vessels pursuant to the 2024 Joint Venture Agreement
“2024 Vessel Owner”	each of the two special purpose vehicles to be incorporated by, and wholly-owned by, the 2024 Joint Venture Company for the purposes of acquiring, owning and chartering out the 2024 LNG Vessels
“Board”	the board of Directors
“Charterer”	China Gas Hongda Energy Trading Co., Ltd, a company incorporated in the PRC and a wholly-owned subsidiary of the Company
“China City Gas”	China City Gas Enterprises Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary 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
“EGM”	an extraordinary general meeting of the Company to be convened for the Shareholders to consider and, if thought fit, approve the 2024 Time Charterparties
“Fortune Clean Energy”	Fortune Clean Energy 2023 Holding Limited, a company incorporated in the Marshall Islands and a wholly-owned subsidiary of CSSC (Hong Kong) Shipping Company Limited
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“HKFRS 16”	Hong Kong Financial Reporting Standard 16 “Leases” which include standards and interpretations promulgated by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“JV Partners”	collectively, China City Gas, Summit Energy and Fortune Clean Energy, and “JV Partner” shall mean any or each of them, as the context requires
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“LNG”	liquefied natural gas
“LPG”	liquefied petroleum gas
“PRC”	the People’s Republic of China
“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Summit Energy”	Summit Energy Holding Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Wah Kwong Maritime Transport Holdings Limited

“USD”	United States dollars, the lawful currency of the United States of America
“Vantage Energy”	Vantage Energy Holding Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Wah Kwong Maritime Transport Holdings Limited
“%”	per cent

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

Hong Kong, 12 March 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*