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香 港 中 華 煤 氣 有 限 公 司
THE HONG KONG AND CHINA GAS COMPANY LIMITED
(Incorporated in Hong Kong under the Companies Ordinance with limited liability)
(Stock Code: 3)

CONNECTED TRANSACTIONS

On 29th November 2024, China Overseas had signed and issued the Letter of Acceptance to U-Tech (a wholly-owned subsidiary of the Company) in respect of its acceptance of Nation Star's nomination of U-Tech as the sub-contractor to carry out the Electrical Installation Works for the Project.

As Nation Star is indirectly owned as to 50% by Henderson Land, a controlling shareholder of the Company, it is an associate of Henderson Land and therefore a connected person of the Company under the Listing Rules. Accordingly, upon China Overseas's acceptance of the nominations by Nation Star, i.e. a connected person of the Company, the Towngas Installation Works and the Electrical Installation Works are considered as connected transactions for the Company.

Since the acceptance of the nomination of Alpha Idea and U-Tech as the sub-contractor to carry out the Towngas Installation Works and the Electrical Installation Works respectively for the Project by China Overseas under the Previous Letter of Acceptance and the Letter of Acceptance respectively are within 12 months, and when calculated on an aggregated basis, one or more of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Towngas Installation Works and the Electrical Installation Works is/are greater than 0.1% but less than 5%, the Transactions are only subject to the reporting and announcement requirements, and are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE PREVIOUS LETTER OF ACCEPTANCE

On 5th August 2024, Alpha Idea (a wholly-owned subsidiary of the Company) had countersigned and returned to Nation Star the Previous Letter of Nomination in respect of the confirmation of the nomination of Alpha Idea as the sub-contractor to carry out the Towngas Installation Works for the Project, subject to the formal acceptance by China Overseas of such nomination. On 5th November 2024, China Overseas had signed and issued the Previous Letter of Acceptance to Alpha Idea to accept such nomination.

Under the terms of the Previous Letter of Nomination and the Previous Letter of Acceptance, Alpha Idea shall carry out the Towngas Installation Works for the Project for the contract sum of HK\$29,700,000. Such consideration amount was arrived at through the tender process and was determined with reference to the prices and terms normally offered by Alpha Idea to independent third party customers and is no less favourable to the Group than those offered by the Group to its other independent third party customers. Such consideration is payable to Alpha Idea by instalments in accordance with market practice, based on the stages of the Towngas Installation Works performed by Alpha Idea.

Pursuant to the Previous Letter of Nomination and the Previous Letter of Acceptance, Alpha Idea is required to enter into a nominated sub-contract with China Overseas. It is expected that such nominated sub-contract would contain similar terms as those set out in the Previous Letter of Nomination and the Previous Letter of Acceptance, except that the terms and conditions to carry out the Towngas Installation Works will be set out in more detail. Upon the entering into by Alpha Idea of the nominated sub-contract with China Overseas, Nation Star will be released and discharged from all claims, demands and obligations under the Previous Letter of Nomination, and all its rights, obligations and liabilities thereunder will be transferred to China Overseas.

THE LETTER OF ACCEPTANCE

On 28th August 2024, U-Tech (a wholly-owned subsidiary of the Company) had countersigned and returned to Nation Star the Letter of Nomination in respect of the confirmation of the nomination of U-Tech as the sub-contractor to carry out the Electrical Installation Works for the Project, subject to the formal acceptance by China Overseas of such nomination. On 29th November 2024, China Overseas had signed and issued the Letter of Acceptance to U-Tech to accept such nomination.

Under the terms of the Letter of Nomination and the Letter of Acceptance, U-Tech shall carry out the Electrical Installation Works for the Project for the contract sum of HK\$238,800,000. Such consideration amount was arrived at through the tender process and was determined with reference to the prices and terms normally offered by U-Tech to independent third party customers and is no less favourable to the Group than those offered by the Group to its other independent third party customers. Such consideration is payable to U-Tech by instalments in accordance with market practice, based on the stages of the Electrical Installation Works performed by U-Tech.

Pursuant to the Letter of Nomination and the Letter of Acceptance, U-Tech is required to enter into a nominated sub-contract with China Overseas. It is expected that such nominated sub-contract would contain similar terms as those set out in the Letter of Nomination and the Letter of Acceptance, except that the terms and conditions to carry out the Electrical Installation Works will be set out in more detail. Upon the entering into by U-Tech of the nominated sub-contract with China Overseas, Nation Star will be released and discharged from all claims, demands and obligations under the Letter of Nomination, and all its rights, obligations and liabilities thereunder will be transferred to China Overseas.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Alpha Idea is principally engaged in entering installation and carcassing work contracts on behalf of its ultimate holding company, and will from time to time in its ordinary and usual course of business provide services similar to the Towngas Installation Works.

U-Tech is principally engaged in the installation of underground pipes, ducts and cables, the development of service systems in buildings for utility and telecommunication facilities and other related services. U-Tech will from time to time in its ordinary and usual course of business provide services similar to the Electrical Installation Works.

The Transactions are conducted in the ordinary and usual course of businesses of Alpha Idea and U-Tech. It is expected that the Transactions will contribute to the business of Alpha Idea, U-Tech, and hence the Group as a whole.

The Directors (including the independent non-executive Directors) are of the view that the Transactions are on normal commercial terms and in the ordinary and usual course of business of the Group, and the terms of which are fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

As Nation Star is indirectly owned as to 50% by Henderson Land, a controlling shareholder of the Company, it is an associate of Henderson Land and therefore a connected person of the Company under the Listing Rules. Accordingly, upon China Overseas's acceptance of the nominations by Nation Star, i.e. a connected person of the Company, the Towngas Installation Works and the Electrical Installation Works are considered as connected transactions for the Company. Nonetheless, as the Towngas Installation Works will be conducted on normal commercial terms and all of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Towngas Installation Works were less than 0.1%, the transaction in respect of the Towngas Installation Works was fully exempt from all disclosure requirements under Chapter 14A of the Listing Rules on a standalone basis.

Since the acceptance of the nomination of Alpha Idea and U-Tech as the sub-contractor to carry out the Towngas Installation Works and the Electrical Installation Works respectively for the Project by China Overseas under the Previous Letter of Acceptance and the Letter of Acceptance respectively are within 12 months, and when calculated on an aggregated basis, one or more of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Towngas Installation Works and the Electrical Installation Works is/are greater than 0.1% but less than 5%, the Transactions are only subject to the reporting and announcement requirements, and are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Dr. the Hon. Lee Ka-kit and Dr. Lee Ka-shing have deemed interests in the securities of Henderson Land under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), they are regarded to be materially interested and had abstained from voting in the meeting of the Directors on the resolution approving the transaction in respect of the Electrical Installation Works.

GENERAL

The Group is principally engaged in the business of production, distribution and marketing of gas, water supply and emerging environmentally-friendly energy businesses in Hong Kong and the Chinese mainland.

So far as the Company is aware, Nation Star is principally engaged in property development and is ultimately owned as to 50% by Henderson Land, 25% by Empire Development Hong Kong (BVI) Limited and 25% by Hysan Development Company Limited respectively.

Henderson Land is an investment holding company and its subsidiaries are principally engaged in the businesses of property development and investment, construction, project management, property management, hotel operation, department store operation and investment holding. The shareholding information of Henderson Land is available on the Stock Exchange's website (<https://www.hkexnews.hk/>).

Empire Development Hong Kong (BVI) Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and founded by the late Dr. Walter Kwok, is an investment holding company and together with its subsidiaries are principally engaged in property development and investment, project management, finance, hotel operation and investment holding according to public disclosure.

Hysan Development Company Limited (Stock Code: 14) is listed on the Main Board of the Stock Exchange and together with its subsidiaries are principally engaged in property investment, management and development. Hysan Development Company Limited and its subsidiaries have a sizeable property portfolio in Hong Kong with one of its core businesses in property leasing.

China Overseas is principally engaged in building construction, project management and investment holding. It is wholly owned by China State Construction International Holdings Limited (Stock Code: 3311), which is listed on the Main Board of the Stock Exchange and together with its subsidiaries are principally engaged in construction business, infrastructure investment and prefabricated constructions.

So far as the Company is aware, Empire Development Hong Kong (BVI) Limited, Hysan Development Company Limited, China Overseas and China State Construction International Holdings Limited are third parties independent of the Company and its connected persons.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“Alpha Idea”	Alpha Idea International Limited (星滿國際有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“associate”	has the same meaning as provided in the Listing Rules
“China Overseas”	China Overseas Building Construction Limited (中國海外房屋工程有限公司), a company incorporated in Hong Kong with limited liability, which is the main contractor in respect of the construction for the Project
“Company”	The Hong Kong and China Gas Company Limited (香港中華煤氣有限公司), 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: 3)
“connected person(s)”	has the same meaning as provided in the Listing Rules
“controlling shareholder”	has the same meaning as provided in the Listing Rules
“Directors”	the directors of the Company
“Electrical Installation Works”	the works for supply and installation of electrical and low voltage system for the Project
“Group”	the Company and its subsidiaries
“Henderson Land”	Henderson Land Development Company Limited (恒基兆業地產有限公司), 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: 12)
“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

“Letter of Acceptance”	a letter issued by China Overseas to U-Tech in respect of its formal acceptance of Nation Star’s nomination of U-Tech as the sub-contractor to carry out the Electrical Installation Works for the Project
“Letter of Nomination”	a letter issued by Nation Star to and confirmed by U-Tech in respect of the confirmation of nomination of U-Tech as the sub-contractor to carry out the Electrical Installation Works for the Project, subject to the formal acceptance by China Overseas of such nomination
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nation Star”	Nation Star Development Limited (永利星發展有限公司), a company incorporated in Hong Kong with limited liability which is indirectly owned as to 50% by Henderson Land
“Previous Letter of Acceptance”	a letter issued by China Overseas to Alpha Idea in respect of its formal acceptance of Nation Star’s nomination of Alpha Idea as the sub-contractor to carry out the Towngas Installation Works for the Project
“Previous Letter of Nomination”	a letter issued by Nation Star to and confirmed by Alpha Idea in respect of the confirmation of nomination of Alpha Idea as the sub-contractor to carry out the Towngas Installation Works for the Project, subject to the formal acceptance by China Overseas of such nomination
“Project”	Urban Renewal Authority’s development project at Bailey Street/Wing Kwong Street (Inland Lot No. 11279), To Kwa Wan, Kowloon, Hong Kong awarded to Nation Star
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Towngas Installation Works”	the works for supply and installation of town gas for the Project
“Transactions”	the carrying out of the Towngas Installation Works by Alpha Idea and the Electrical Installation Works by U-Tech respectively for the Project

“U-Tech”

U-Tech Engineering Company Limited (卓裕工程有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company

“0%”

per cent.

By Order of the Board of Directors
Elsa Wong Lai-kin
Company Secretary

Hong Kong, 29th November 2024

As at the date of this announcement, the Board of Directors comprises:

Non-executive Directors:

Dr. the Hon. Lee Ka-kit (Chairman), Dr. Lee Ka-shing (Chairman), Dr. Colin Lam Ko-yin and Mr. Andrew Fung Hau-chung

Independent Non-executive Directors:

Dr. the Hon. Sir David Li Kwok-po, Prof. the Hon. Poon Chung-kwong, Dr. the Hon. Moses Cheng Mo-chi and Prof. Anna Wong Wai-kwan

Executive Directors:

Mr. Peter Wong Wai-yee, Mr. Yeung Lui-ming and Mr. Chan Ying-lung

