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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

THE TRANSACTIONS

On 3rd December 2021, (i) U-Tech (a wholly-owned subsidiary of the Company) had countersigned and returned to Infinite Sun the First Letter of Intent in respect of the confirmation of the nomination of U-Tech as the sub-contractor to carry out Electrical and ELV Installation Works at the Property; and (ii) Alpha Idea (a wholly-owned subsidiary of the Company) had countersigned and returned to Infinite Sun the Second Letter of Intent in respect of the confirmation of nomination of Alpha Idea as the sub-contractor to carry out Town Gas Installation Works at the Property.

LISTING RULES IMPLICATIONS

As Infinite Sun is indirectly owned as to 30% 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, the Transactions constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

Since one of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Electrical and ELV Installation Transaction is greater than 0.1% but all of them are less than 5%, the Electrical and ELV Installation Transaction on a standalone basis is only subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Since all of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Town Gas Installation Transaction are less than 0.1%, the Town Gas Installation Transaction on a standalone basis is not subject to the reporting, announcement, circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Since one of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Transactions on an aggregated basis is greater than 0.1% but all of them are less than 5%, the Transactions on an aggregated basis 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 FIRST LETTER OF INTENT

On 3rd December 2021, U-Tech (a wholly-owned subsidiary of the Company) had countersigned and returned to Infinite Sun the First Letter of Intent in respect of the confirmation of the nomination of U-Tech as the sub-contractor to carry out Electrical and ELV Installation Works at the Property.

Under the terms of the First Letter of Intent, U-Tech shall carry out the Electrical and ELV Installation Works at the Property for the fixed contract sum of HK\$152,000,000. Such amount was provided by U-Tech through the quotation 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. The contract sum will be payable to U-Tech by instalments in accordance with market practice, based on the progress of the Electrical and ELV Installation Works performed by U-Tech.

According to the First Letter of Intent, U-Tech will subsequently enter into a sub-contract with the Main Contractor. It is expected that such sub-contract would contain similar terms as those set out in the First Letter of Intent, except that the terms and conditions of the carrying out of the Electrical and ELV Installation Works at the Property (including the timing of payment of the contract sum and the specifications of the Electrical and ELV Installation Works) will be set out in more detail. Upon the entering into by U-Tech of the sub-contract with the Main Contractor, Infinite Sun will be released and discharged from all claims and demands whatsoever under the First Letter of Intent, and such liabilities will be transferred to the Main Contractor.

THE SECOND LETTER OF INTENT

On 3rd December 2021, Alpha Idea (a wholly-owned subsidiary of the Company) had countersigned and returned to Infinite Sun the Second Letter of Intent in respect of the confirmation of the nomination of Alpha Idea as the sub-contractor to carry out Town Gas Installation Works at the Property.

Under the terms of the Second Letter of Intent, Alpha Idea shall carry out the Town Gas Installation Works at the Property for the fixed contract sum of HK\$26,173,480. 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. The contract sum will be payable to Alpha Idea by instalments in accordance with market practice, based on the progress of the Town Gas Installation Works performed by Alpha Idea.

According to the Second Letter of Intent, Alpha Idea will subsequently enter into a sub-contract with the Main Contractor. It is expected that such sub-contract would contain similar terms as those set out in the Second Letter of Intent, except that the terms and conditions of the carrying out of the Town Gas Installation Works at the Property (including the timing of payment of the contract sum and the specifications of the Town Gas Installation Works) will be set out in more detail. Upon the entering into by Alpha Idea of the sub-contract with the Main Contractor, Infinite Sun will be released and discharged from all claims and demands whatsoever under the Second Letter of Intent, and such liabilities will be transferred to the Main Contractor.

So far as the Company is aware, the Main Contractor is a third party independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

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 and will from time to time in its ordinary and usual course of business submit tenders for contracts to carry out the Electrical and ELV Installation Works.

Alpha Idea is principally engaged in entering installation and carcassing work contracts on behalf of its holding company.

The entering into of the Transactions is in the ordinary course of business of U-Tech and Alpha Idea will contribute to the profit of U-Tech and Alpha Idea, 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 the Transactions are fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

As Infinite Sun is indirectly owned as to 30% 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, the Transactions constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

Since one of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Electrical and ELV Installation Transaction is greater than 0.1% but all of them are less than 5%, the Electrical and ELV Installation Transaction on a standalone basis is only subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Since all of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Town Gas Installation Transaction are less than 0.1%, the Town Gas Installation Transaction on a standalone basis is not subject to the reporting, announcement, circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Since one of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Transactions on an aggregated basis is greater than 0.1% but all of them are less than 5%, the Transactions on an aggregated basis 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. Lee Ka-kit and Mr. Lee Ka-shing, both being Directors, have deemed interests in Henderson Land under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), they are regarded to be materially interested in the Transactions and had abstained from voting in the meeting of the Directors on the resolutions approving the Transactions.

GENERAL

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

So far as the Company is aware, Infinite Sun is principally engaged in the business of development of the Property and is ultimately owned as to 30% by Henderson Land, 30% by Wheelock Properties Limited (which is in turn wholly owned by Wheelock and Company Limited), 30% by China Overseas Land & Investment Limited and 10% by New World Development Company Limited.

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, finance, department store operation, hotel operation and investment holding. The shareholding information of Henderson Land is available on the Stock Exchange's website (<https://www.hkexnews.hk/>).

Wheelock Properties Limited is principally engaged in property development. Wheelock Company and Limited is a sizeable enterprise principally engaged in property development, sales and marketing of properties and asset management.

China Overseas Land & Investment Limited together with its subsidiaries are principally engaged in property development, property investment, investment holding, property consultancy, real estate agency, loan financing and security investments.

New World Development Company Limited together with its subsidiaries are principally engaged in investment holding, property development and investment, provision of elderly residential places and services and construction.

DEFINITIONS

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

“associate” has the same meaning ascribed to it in the Listing Rules

“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
“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”	has the same meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“Electrical and ELV Installation Works”	works relating to the upgrade of certain lighting in the Property, the supply and installation of electrical equipment (including the installation of booking facility system for clubhouse) and the testing and commissioning of electrical systems
“Electrical and ELV Installation Transaction”	the carrying out of Electrical and ELV Installation Works at the Property by U-Tech for Infinite Sun
“ELV”	extra low voltage
“First Letter of Intent”	the letter issued by Infinite Sun to U-Tech and countersigned by U-Tech on 3rd December 2021 in respect of the engagement of U-Tech as a nominated sub-contractor to carry out Electrical and ELV Installation Works at the Property
“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)
“Henderson Group”	Henderson Land and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Infinite Sun”	Infinite Sun Limited, a company incorporated in Hong Kong with limited liability which is indirectly owned as to 30% by Henderson Land and therefore an associate of Henderson Land under the Listing Rules
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Main Contractor”	the main contractor in respect of the construction of the Property, and so far as the Company is aware, is not a connected person of the Company within the meaning of the Listing Rules

“Property”	the residential development situated at N.K.I.L. 6576, Area 4B, Site 1, Kai Tak, Kowloon, Hong Kong
“Second Letter of Intent”	the letter issued by Infinite Sun to Alpha Idea and countersigned by Alpha Idea on 3rd December 2021 in respect of the engagement of Alpha Idea as a nominated sub-contractor to carry out Town Gas Installation Works at the Property
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Town Gas Installation Works”	works relating to supply and installation of town gas supply pipework and gas appliances and facilities at the Property
“Town Gas Installation Transaction”	the carrying out of Town Gas Installation Works at the Property by Alpha Idea for Infinite Sun
“Transactions”	the Electrical and ELV Installation Transaction and the Town Gas Installation Transaction
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board of Directors
John Ho Hon-ming
*Executive Director, Chief Financial Officer and
Company Secretary*

Hong Kong, 3rd December 2021

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

Non-executive Directors: Dr. Lee Ka-kit (Chairman), Mr. Lee Ka-shing (Chairman) and Dr. Colin Lam Ko-yin

Independent Non-executive Directors: Dr. the Hon. Sir David Li Kwok-po, Prof. Poon Chung-kwong and Dr. the Hon. Moses Cheng Mo-chi

Executive Directors: Mr. Alfred Chan Wing-kin, Mr. Peter Wong Wai-yee and Mr. John Ho Hon-ming

