

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

**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 8th October 2021, Alpha Idea (a wholly-owned subsidiary of the Company) had signed and returned the Letter of Nomination to Asia Turbo in respect of the engagement by Asia Turbo for the carrying out of the Town Gas Installation Works at the Property.

As Asia Turbo is a wholly-owned subsidiary of Henderson Land, which in turn is a controlling shareholder of the Company, Asia Turbo is a connected person of the Company under the Listing Rules and the transaction in respect of the Town Gas Installation Works constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Since the Previous Letter of Acceptance and the Letter of Nomination are entered into between the Group and the Henderson Group within 12 months in relation to the installation works to be performed at the Property, and when calculated on an aggregated basis, one of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Electrical Installation Works and the Town Gas Installation Works is 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 24th November 2020, U-Tech (a wholly-owned subsidiary of the Company) had signed and returned the Previous Letter of Acceptance to Heng Lai in respect of a successful tender for a sub-contract for the carrying out of the Electrical Installation Works at the Property for Heng Lai.

Under the terms of the Previous Letter of Acceptance, U-Tech shall carry out the Electrical Installation Works at the Property at the sum of HK\$39,892,140. 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 was no less favourable to the Group than those offered by the Group to its other independent third party customers.

Pursuant to the Previous Letter of Acceptance and its ancillary documents, it was intended that the consideration shall be payable to U-Tech on a monthly basis in accordance with market practice, and the amount payable to U-Tech for each instalment shall be determined by Heng Lai based on its assessment of the actual volume of the Electrical Installation Works performed by U-Tech in the relevant month. The Previous Letter of Acceptance constituted a binding agreement between U-Tech and Heng Lai, and the parties also entered into a formal agreement on 6th January 2021 in respect of the Electrical Installation Works. Such formal agreement contains similar terms as those set out in the Previous Letter of Acceptance, except that the terms and conditions of the carrying out of the Electrical Installation Works (including the timing of payment of such consideration and the specifications of the Electrical Installation Works) are set out in more detail.

### **THE LETTER OF NOMINATION**

On 8th October 2021, Alpha Idea (a wholly-owned subsidiary of the Company) had signed and returned the Letter of Nomination to Asia Turbo in respect of the engagement by Asia Turbo for the carrying out of the Town Gas Installation Works at the Property.

Under the terms of the Letter of Nomination, Alpha Idea will carry out the Town Gas Installation Works at the Property for the contract sum of HK\$14,019,500. Such consideration amount was provided by Alpha Idea through the quotation 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 will be payable to Alpha Idea by instalments in accordance with market practice, based on the stages of the Town Gas Installation Works performed by Alpha Idea.

Pursuant to the Letter of Nomination, Alpha Idea is required to enter into a nominated sub-contract with the Main Contractor. It is expected that such nominated sub-contract would contain similar terms as those set out in the Letter of Nomination, except that the terms and conditions of carrying out of the Town Gas Installation Works (including the timing of payment of such consideration 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 nominated sub-contract with the Main Contractor, Asia Turbo 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 the Main Contractor.

### **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 Installation Works.

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

It is expected that the entering into of the Transactions is in the ordinary course of business of U-Tech and Alpha Idea and 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 Heng Lai is a wholly-owned subsidiary of Henderson Land, which in turn is a controlling shareholder of the Company, Heng Lai is a connected person of the Company under the Listing Rules and the transaction in respect of the Electrical Installation Works constituted a connected transaction for the Company under Chapter 14A of the Listing Rules. Nonetheless, as all of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Electrical Installation Works were less than 0.1%, the transaction in respect of the Electrical Installation Works was fully exempt from all disclosure requirements under Chapter 14A of the Listing Rules on a standalone basis.

As Asia Turbo is a wholly-owned subsidiary of Henderson Land, which in turn is a controlling shareholder of the Company, Asia Turbo is a connected person of the Company under the Listing Rules and the transaction in respect of the Town Gas Installation Works constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Since the Previous Letter of Acceptance and the Letter of Nomination are entered into between the Group and the Henderson Group within 12 months in relation to the installation works to be performed at the Property, and when calculated on an aggregated basis, one of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Electrical Installation Works and the Town Gas Installation Works is greater than 0.1% but less than 5%, the Transactions are 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 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 the People's Republic of China.

So far as the Company is aware, Asia Turbo is principally engaged in property development while Heng Lai is principally engaged in construction works.

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/>).

## 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
“Asia Turbo”	Asia Turbo Development Limited (忠寶發展有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Henderson Land
“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 as provided in the Listing Rules
“Directors”	the directors of the Company
“Electrical Installation Works”	the supply and installation of electrical equipment and the testing and commissioning of electrical systems
“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
“Heng Lai”	Heng Lai Construction Company Limited (恒麗建築有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Henderson Land
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Letter of Nomination”	a letter issued by Asia Turbo and acknowledged by Alpha Idea in respect of the engagement of Alpha Idea to carry out the Town Gas Installation Works on the terms as set out therein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Contractor”	Heng Lai, being the main contractor in respect of the construction of the Property

“Previous Letter of Acceptance”	a letter issued by Heng Lai to U-Tech to confirm that its tender for Electrical Installation Works will be accepted on the terms as set out therein
“Property”	the residential development situated at 25-29 Kok Cheung Street, Tai Kok Tsui, Kowloon, Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Town Gas Installation Works”	the town gas installation works
“Transactions”	the carrying out of the Electrical Installation Works for the Property by U-Tech for Heng Lai and the carrying out of the Town Gas Installation Works for the Property by Alpha Idea for Asia Turbo
“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, 8th October 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

