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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 TRANSACTION

U-Tech, a wholly-owned subsidiary of the Company, had by signing and returning the Letter of Award to Smart Bright on 22 August 2017 successfully tendered for a sub-contract for the carrying out of the MVAC Installation Works at the Property for Smart Bright.

As Smart Bright is a wholly-owned subsidiary of Henderson Land, which in turn is a controlling shareholder of the Company, Smart Bright is a connected person of the Company under the Listing Rules and the Transaction therefore constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Since the Consideration is more than HK\$3,000,000 and one of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Consideration is greater than 0.1% but less than 5%, the Transaction is only subject to the reporting and announcement requirements, and is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE TRANSACTION

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Under the terms of the Letter of Award, U-Tech will carry out the MVAC Installation Works at the Property at the sum of HK\$83,777,000. The Consideration was arrived at after arm's length negotiations between U-Tech and Smart Bright during the tender process and was determined with reference to the prices and terms normally offered by U-Tech to independent third party customers and are no more favourable than those offered by U-Tech to its other independent third party customers. It is intended that the Consideration shall be payable to U-Tech on a monthly basis and the amount payable to U-Tech for each installment shall be determined by Smart Bright based on its assessment of the actual volume of the MVAC Installation Works performed by U-Tech in the relevant month.

Pursuant to the Letter of Award, U-Tech 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 Award, except that the terms and conditions of the Transaction (including the timing of payment of the Consideration and the specifications of the MVAC Installation Works) will be set out in more detail. Upon the entering into by U-Tech of the nominated sub-contract with the Main Contractor, Smart Bright will be released and discharged from all claims, demands and obligations under the Letter of Award, and all its rights, obligations and liabilities thereunder will be transferred to the Main Contractor.

So far as the Company is aware, the Main Contractor is not a connected person of the Company within the meaning of the Listing Rules.

REASONS FOR AND BENEFITS OF THE TRANSACTION

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 MVAC Installation Works. It is expected that the entering into of the Transaction will contribute to the profit of U-Tech, and hence the Group as a whole.

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

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As Dr. the Hon. Lee Shau Kee, 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 Transaction and had abstained from voting on the relevant board resolutions of the Company approving the Transaction.

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, Smart Bright is principally engaged in acquisition, development and investment of properties.

DEFINITIONS

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

“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”	shall have the same meaning as provided in the Listing Rules
“Consideration”	the consideration to be paid by Smart Bright to U-Tech for carrying out the MVAC Installation Works at the Property
“Directors”	the directors of the Company
“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)
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Letter of Award”	a letter issued by Smart Bright to U-Tech to confirm that its tender for the MVAC Installation Works will be accepted on the terms as set out therein
“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
“MVAC Installation Works”	the mechanical ventilation and air-conditioning installation works
“Property”	the commercial complex situated at 15 Middle Road, Tsim Sha Tsui, Kowloon, Hong Kong
“Smart Bright”	Smart Bright Development Limited (傑耀發展有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Henderson Land

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the carrying out of the MVAC Installation Works at the Property by U-Tech for Smart Bright
“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 H.M. HO
Chief Financial Officer and Company Secretary

Hong Kong, 22 August 2017

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

Non-executive Directors: Dr. the Hon. Lee Shau Kee (Chairman), Dr. Colin Lam Ko Yin, Dr. Lee Ka Kit and Mr. Lee Ka Shing

Independent Non-executive Directors: Mr. Leung Hay Man, Dr. the Hon. Sir David Li Kwok Po and Professor Poon Chung Kwong

Executive Directors: Mr. Alfred Chan Wing Kin and Mr. Peter Wong Wai Yee

