



HKCG (3 HK) & TCCL (1083 HK): Strategic Cooperation Agreement between Towngas China and Shanghai Gas

Dear Investors & Analysts,

(27 October 2020) The Hong Kong and China Gas Co. Ltd. (3 HK, HKCG) and Towngas China Co. Ltd. (1083 HK, TCCL) are pleased to jointly announce that a strategic cooperation agreement between Towngas China and Shanghai Gas Co. Ltd. has been signed on 27 October 2020.

The equity cooperation will be in two steps.

(Step 1) TCCL will acquire 25% of the enlarged share capital of Shanghai Gas, at Rmb 4,700 million

(Step 2) Shanghai Gas will acquire 25% of the enlarged share capital of TCCL

There will be a lot of synergies and opportunities arising from the cooperation.

- a) The coverage of TCCL will be enlarged to cover the greater Shanghai area, which is growing
- b) Security of natural gas supply and trading will be enhanced, with HKCG's large underground gas storage facility in Jiangsu province and the two LNG import terminals of Shanghai Gas
- c) Promotion of extended value-added businesses and services to the combined around 40 million customer base
- d) Jointly develop Smart Energy business
- e) Further strategic cooperation in multiple areas

A [joint announcement of the deal](#) and an investor [briefing presentation](#) are attached for your reference.

Regards,

W K Lo

General Manager - Corporate Treasury & Investor Relations

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About The Hong Kong and China Gas Company Limited (HKCG)

HKCG was founded in 1862 – the first public utility to begin operations in Hong Kong. Initially established to light up the streets of Hong Kong, our business in the territory today consists of the production and distribution of town gas, its marketing and sale, the provision of a full range of gas appliances, as well as comprehensive after-sales services.

Expanding into the mainland in 1994, our businesses in China include upstream, midstream and downstream gas projects, ranging from city-gas to natural gas storage, distributed energy system, gas transportation and



vehicular gas refilling station projects. We have also diversified into telecommunications, building services, water supply, wastewater and food waste treatment, among others. In the past few years, in line with our vision to become a major energy supplier with an environmentally friendly focus, we have seen investment into new and unconventional energies, with projects ranging from the utilization of landfill gas to conversion of low value feedstock or wastes into high value clean energy and materials, emphasizing on self-developed green technologies.

HKCG has invested in 270 projects across 26 provincial regions in mainland China.

About Towngas China Company Limited (TCCL)

The principal businesses of Towngas China are the provision of low-carbon, environmental and clean piped-gas, construction of gas pipelines, operation of city-gas pipeline network, distributed energy system and gas fuel automobile refilling stations, the sale of household gas appliances and various kinds of related services. Towngas China is a subsidiary company of The Hong Kong and China Gas Company Limited (0003.HK), which holds approximately 68.21% of its equity interest.

Towngas China has 128 projects (including 98 city-gas projects) with geographical coverage in 21 provinces/autonomous regions/municipality in mainland China.