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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 11th June 2021, Alpha Idea (a wholly-owned subsidiary of the Company) had (i) signed and returned the First Letter of Nomination to Best Galaxy in respect of the engagement by Best Galaxy for the carrying out of the Town Gas Installation Works at the Property; and (ii) signed and returned the Second Letter of Nomination to Best Galaxy in respect of a successful tender for a sub-contract for the carrying out of the Kitchen Appliances Supply and Installation Works at the same Property for Best Galaxy.

As Best Galaxy is a wholly-owned subsidiary of Henderson Land, which in turn is a controlling shareholder of the Company, Best Galaxy is a connected person of the Company under the Listing Rules and the Transactions therefore 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 Town Gas Installation Works and the Kitchen Appliances Supply and Installation Works, on an aggregated basis, 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.

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FIRST LETTER OF NOMINATION

Under the terms of the First Letter of Nomination, Alpha Idea will carry out the Town Gas Installation Works at the Property for the contract sum of HK\$34,744,000. 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 are 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 First 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 First Letter of Nomination. Upon the entering into by Alpha Idea of the nominated sub-contract with the Main Contractor, Best Galaxy will be released and discharged from all claims, demands and obligations under the First Letter of Nomination, and all its rights, obligations and liabilities thereunder will be transferred to the Main Contractor.

SECOND LETTER OF NOMINATION

Under the terms of the Second Letter of Nomination, Alpha Idea will carry out the Kitchen Appliances Supply and Installation Works at the Property for the contract sum of HK\$14,906,430. 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 are no less favourable to the Group than those offered by the Group to its other independent third party customers. It is intended that such consideration will be payable to Alpha Idea on a monthly basis in accordance with market practice, and the amount payable to Alpha Idea for each instalment will be based on the actual volume of the Kitchen Appliances Supply and Installation Works performed by Alpha Idea in the relevant month.

Pursuant to the Second 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 Second Letter of Nomination. Upon the entering into by Alpha Idea of the nominated sub-contract with the Main Contractor, Best Galaxy will be released and discharged from all claims, demands and obligations under the Second 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

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 will be in the ordinary course of business of Alpha Idea and will contribute to the profit of 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 Best Galaxy is a wholly-owned subsidiary of Henderson Land, which in turn is a controlling shareholder of the Company, Best Galaxy is a connected person of the Company under the Listing Rules and the Transactions therefore 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 Town Gas Installation Works and the Kitchen Appliances Supply and Installation Works, on an aggregated basis, 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.

As Dr. Lee Ka-kit and Mr. 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 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, Best Galaxy is principally engaged in property development and investment.

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, 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/>).

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
“Best Galaxy”	Best Galaxy Limited (祺星有限公司), 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
“First Letter of Nomination”	a letter issued by Best Galaxy to 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
“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
“Kitchen Appliances Supply and Installation Works”	the supply and installation works of kitchen appliances
“Listing Rules”	the 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 Fanling North New Development Site A, Ma Sik Road, Fanling Sheung Shui Town Lot 262, Fanling, New Territories, Hong Kong
“Second Letter of Nomination”	a letter issued by Best Galaxy to Alpha Idea to confirm that its tender for the Kitchen Appliances Supply and Installation Works will be accepted on the terms as set out therein
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Town Gas Installation Works”	the town gas installation works
“Transactions”	the carrying out of the Town Gas Installation Works and the Kitchen Appliances Supply and Installation Works for the Property by Alpha Idea for Best Galaxy
“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, 11th June 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. Moses Cheng Mo-chi

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

