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# 港華燃氣有限公司 Towngas China Company Limited

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 1083)

## CONNECTED TRANSACTIONS

### ACQUISITION OF EQUITY INTERESTS IN SMART ENERGY COMPANIES

#### ACQUISITION OF EQUITY INTERESTS IN SMART ENERGY COMPANIES

The Board announces that on 3 December 2021, TCEI, an indirect wholly-owned subsidiary of the Company, entered into the Transfer Agreements with HCIP, an indirect wholly-owned subsidiary of HKCG, pursuant to which HCIP agreed to sell the equity interests in the Smart Energy Companies held by it to TCEI at the aggregate consideration of RMB509,206,186 (approximately HK\$613,205,908).

#### LISTING RULES IMPLICATIONS

As HKCG is a controlling shareholder of the Company and HCIP is a subsidiary of HKCG, HCIP is a connected person of the Company under the Listing Rules. The Acquisition and the entering into of the Transfer Agreements therefore constitute connected transactions of the Company under Chapter 14A of the Listing Rules. Given that one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition under the Transfer Agreements are more than 0.1% but all of them are less than 5%, the Acquisition is only subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### ACQUISITION OF INTERESTS IN THE SMART ENERGY COMPANIES

The Board announces that on 3 December 2021, TCEI, an indirect wholly-owned subsidiary of the Company, entered into the Transfer Agreements with HCIP, an indirect wholly-owned subsidiary of HKCG, pursuant to which HCIP agreed to sell the equity interests in the Smart Energy Companies held by it to TCEI at the aggregate consideration of RMB509,206,186 (approximately HK\$613,205,908) on and subject to the terms and conditions set out in the relevant Transfer Agreements. Summarized below are the principal terms of the Transfer Agreements:

## Date of the Transfer Agreements

3 December 2021

## Parties to the Transfer Agreements

HCIP as transferor and TCEI as transferee

## Interest to be acquired and consideration payable

	<b>Interest to be acquired by TCEI from HCIP under the relevant Transfer Agreement</b>	<b>Consideration payable by TCEI to HCIP (RMB)</b>
1	100% equity interest in 長沙港能投智慧能源有限公司 (Changsha Towngas China Energy Co., Ltd)	4,905,223
2	100% equity interest in 廣東晟桂電力有限公司 (Guangdong Shenggui Electric Power Co., Ltd)	14,995,015
3	100% equity interest in 安丘航洲新能源科技有限公司 (Anqiu Towngas China PV Power Generation Co., Ltd.)	34,000,575
4	100% equity interest in 青島嘉嘉通新能源科技有限公司 (Qingdao Towngas China PV Power Generation Co., Ltd.)	28,946,417
5	100% equity interest in 新野縣啟電光伏科技有限公司 (Xinye Qidian Photovoltaic Technology Co., Ltd.)	13,654,891
6	100% equity interest in 佛山振森光能有限公司 (Foshan Towngas China PV Power Generation Co., Ltd.)	21,492,211
7	100% equity interest in 濟寧道宏新能源有限公司 (Jining Daohong New Energy Co., Ltd.)	10,993,597
8	100% equity interest in 流陽中鄴流開新能源有限公司 (Shuyang Zhongye Shukai New Energy Co., Ltd.)	30,000,000
9	100% equity interest in 濱州鑫潤豐新能源有限公司 (Binzhou Xinrunfeng New Energy Co., Ltd.)	14,999,970
10	100% equity interest in 深圳港華綜合能源有限公司 (Shenzhen Towngas China Integrated Energy Co., Ltd.)	13,995,938
11	100% equity interest in 鹽城港華智慧能源有限公司 (Yancheng Towngas China Smart Energy Co., Ltd.)	33,995,512
12	100% equity interest in 馬鞍山市鄭蒲港新區港能投光伏有限公司 (Maanshan Zhengpugang New District Towngas China Photovoltaic Co., Ltd.)	Nil
13	100% equity interest in 煙台港能投光伏有限公司 (Yantai Towngas China Photovoltaic Co., Ltd.)	Nil
14	100% equity interest in 南京港能投智慧能源有限公司 (Nanjing Towngas China Energy Co., Ltd)	Nil

15	100% equity interest in 青島港投光伏發電有限公司 (Qingdao China Photovoltaic Co., Ltd.)	Nil
16	100% equity interest in 廈門港能投光伏有限公司 (Xiamen Towngas China Photovoltaic Co., Ltd.)	Nil
17	100% equity interest in 營口港能投智慧能源有限公司 (Yingkou Towngas China Energy Co., Ltd)	Nil
18	100% equity interest in 本溪港能投智慧能源有限公司 (Ben Xi Towngas China Energy Co., Ltd.)	Nil
19	100% equity interest in 廣州振森新能源有限公司 (Guangzhou Zhensen New Energy Co., Ltd.)	Nil
20	100% equity interest in 武漢港能投智慧能源有限公司 (Wuhan Towngas China Energy Co., Ltd.)	Nil
21	100% equity interest in 唐山港投綜合智慧能源有限公司 (Tangshan Towngas China Integrated Energy Co., Ltd)	Nil
22	100% equity interest in 長三角一體化示範區（蘇州吳江）港能 投智慧能源有限公司 (Yangtze River Delta Integrated Development Demonstration Zone (Suzhou Wujiang) Towngas China Energy Co., Ltd.)	Nil
23	100% equity interest in 滄州港能投智慧能源有限公司 (Cangzhou Towngas China Energy Co., Ltd.)	Nil
24	100% equity interest in 西安港能投智慧能源有限公司 (Xi'an Towngas China Energy Co., Ltd.)	Nil
25	100% equity interest in 陽江港能投光伏有限公司 (Yangjiang Towngas China Photovoltaic Co., Ltd.)	Nil
26	100% equity interest in 廣州港能智慧能源有限公司 (Guangzhou Towngas China Energy Co., Ltd.)	Nil
27	60% equity interest in 溧陽恒電新能源科技有限公司 (Liyang Hengdian Towngas China PV Power Generation Co., Ltd.)	14,199,424
28	90% equity interest in 丹陽港能投智慧能源有限公司 (Danyang Towngas China Energy Storage Power Plant Co., Ltd.)	27,084,277
29	80% equity interest in 蘇州光辰新能源科技有限公司 (Suzhou Guangchen Towngas China PV Power Generation Co., Ltd.)	11,999,948
30	80% equity interest in 泰州港能智慧能源有限公司 (Taizhou Towngas China Energy Co., Ltd.)	168,234,090
31	49% equity interest in 大連德泰港能投智慧能源有限公司 (Dalian DETA Towngas China Energy Co., Ltd.)	65,709,098
	<b>Total consideration payable:</b>	<b>509,206,186</b>

The aggregate consideration for the Acquisition of RMB509,206,186 (approximately HK\$613,205,908) was determined after arm's length negotiations between TCEI and HCIP with reference to (i) the original costs of equity interests in the companies set out in items 1 to 30 in the table above as held by HCIP, being the aggregate capital contribution made by HCIP of RMB440,500,000 (approximately HK\$530,467,245); (ii) the aggregate unaudited net asset value attributable to the equity interests of the Smart Energy Companies being acquired by TCEI under the Acquisition of RMB497,418,020 (approximately HK\$599,010,140) as at 31 October 2021; (iii) original cost of investment incurred by HCIP for the acquisition of 49% equity interests in 大連德泰港能投智慧能源有限公司 (Dalian DETA Towngas China Energy Co., Ltd.); and (iv) the valuation report dated 11 November 2021 issued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent third party professional valuer, in respect of the equity interests of the Consideration Allocated Companies being acquired by TCEI under the Acquisition. The consideration for the Acquisition will be funded by the Group's internal resources.

The Smart Energy Companies which no registered capital has yet been paid and have not yet commenced operation (being the companies set out in items 12 to 26 in the table above) are transferred to TCEI at nil consideration. According to the relevant Transfer Agreements, TCEI shall pay up the unpaid registered capital of these companies (being the companies set out in items 12 to 26 in the table above) as well as the unpaid portion of the registered capital of the Consideration Allocated Companies set out in items 3 and 6 in the table above in accordance with relevant laws and the respective articles of these companies.

Pursuant to the terms of the relevant Transfer Agreements, TCEI is required to pay the consideration in respect of equity interests in the Consideration Allocated Companies within 45 days after the relevant Transfer Agreement becomes effective.

#### **Effective date of Transfer Agreement**

The Transfer Agreements relating to interests in Smart Energy Companies wholly-owned by HCIP shall become effective upon signing by the respective representatives of, and the affixation of the respective seals of, TCEI and HCIP. The Transfer Agreements relating to interests in Smart Energy Companies non-wholly-owned by HCIP shall become effective after signing by the respective representatives of, and the affixation of the respective seals of, TCEI and HCIP, and the grant of waiver of pre-emptive rights by the other shareholders of the relevant Smart Energy Companies.

## INFORMATION ON THE SMART ENERGY COMPANIES

The 31 Smart Energy Companies are all project companies established in the PRC with businesses encompassing photovoltaics, energy conservation, charging and Zero Carbon Smart City in the PRC. Further particulars of each of the Smart Energy Companies are set out below:

(i) *Smart Energy Companies wholly-owned by HCIP*

	Name of Smart Energy Company	Date of establishment and term	Principal business activities	Registered and Paid-up Capital (RMB)	Valuation Amounts (Valued as at 31.8.2021 unless otherwise specified) (RMB)	Unaudited Net Asset Value as at 31.10.2021 (RMB)	Unaudited Net Profit/ (Loss) Before Tax for the period ended 31.10.2021 unless otherwise specified (RMB)	Unaudited Net Profit/ (Loss) After Tax for the period ended 31.10.2021 unless otherwise specified (RMB)
1	長沙港能投智慧能源有限公司 (Changsha Towngas China Energy Co., Ltd)	Date of establishment: 22.12.2020 Term: 22.12.2020 to 21.12.2070	Energy conservation	Registered capital: 5,000,000 Paid-up capital: 5,000,000	4,905,223	4,894,408	(105,591) Period ended 31.12.2020 (unaudited): 0	(105,591) Period ended 31.12.2020 (unaudited): 0
2	廣東晟桂電力有限公司 (Guangdong Shenggui Electric Power Co., Ltd)	Date of establishment: 28.8.2019 Term: Perpetual	Photovoltaics	Registered capital: 15,000,000 Paid-up capital: 15,000,000	14,995,015	14,997,895	(2,105) Year ended 31.12.2020 (unaudited): 0 Period ended 31.12.2019 (unaudited): 0	(2,105) Year ended 31.12.2020 (unaudited): 0 Period ended 31.12.2019 (unaudited): 0
3	安丘航洲新能源科技有限公司 (Anqiu Towngas China PV Power Generation Co., Ltd.)	Date of establishment: 23.5.2018 Term: Perpetual	Photovoltaics	Registered capital: 47,000,000 Paid-up capital: 34,000,000	34,000,575	34,017,820	18,309 Year ended 31.12.2020 (unaudited): 0 Year ended 31.12.2019 (unaudited): 0	17,820 Year ended 31.12.2020 (unaudited): 0 Year ended 31.12.2019 (unaudited): 0

4	青島嘉嘉通新能源 科技有限公司 (Qingdao Towngas China PV Power Generation Co., Ltd.)	Date of establishment: 13.4.2018  Term: 13.4.2018 to 14.4.2043	Photovoltaics	Registered capital: 29,000,000  Paid-up capital: 29,000,000	28,946,417	29,003,181	4,357  Year ended 31.12.2020 (unaudited): 0  Year ended 31.12.2019 (unaudited): 0	3,181  Year ended 31.12.2020 (unaudited): 0  Year ended 31.12.2019 (unaudited): 0
5	新野縣啟電光伏科技 有限公司 (Xinye Qidian Photovoltaic Technology Co., Ltd.)	Date of establishment: 20.5.2020  Term: Perpetual	Photovoltaics	Registered capital: 13,000,000  Paid-up capital: 13,000,000	13,654,891	13,875,114	875,168  Period ended 31.12.2020 (unaudited): 0	875,114  Period ended 31.12.2020 (unaudited): 0
6	佛山振森光能有限 公司 (Foshan Towngas China PV Power Generation Co., Ltd.)	Date of establishment: 24.7.2020  Term: Perpetual	Photovoltaics	Registered capital: 21,000,000  Paid-up capital: 20,000,000	21,492,211	21,891,300	1,891,300  Period ended 31.12.2020 (unaudited): 0	1,891,300  Period ended 31.12.2020 (unaudited): 0
7	濟寧道宏新能源有限 公司 (Jining Daohong New Energy Co., Ltd.)	Date of establishment: 8.1.2021  Term: Perpetual	Photovoltaics	Registered capital: 11,000,000  Paid-up capital: 11,000,000	10,993,597	10,992,656	(7,344)	(7,344)
8	瀋陽中鄴流開新能源 有限公司 (Shuyang Zhongye Shukai New Energy Co., Ltd.)	Date of establishment: 31.7.2020  Term: Perpetual	Photovoltaics	Registered capital: 30,000,000  Paid-up capital: 30,000,000	30,000,000	30,002,524	2,524  Period ended 31.12.2020 (unaudited): 0	2,524  Period ended 31.12.2020 (unaudited): 0
9	濱州鑫潤豐新能源 有限公司 (Binzhou Xinrunfeng New Energy Co., Ltd.)	Date of establishment: 21.12.2020  Term: Perpetual	Photovoltaics	Registered capital: 15,000,000  Paid-up capital: 15,000,000	14,999,970	14,997,113	(2,887)  Period ended 31.12.2020 (unaudited): 0	(2,887)  Period ended 31.12.2020 (unaudited): 0

10	深圳港華綜合能源有限公司 (Shenzhen Towngas China Integrated Energy Co., Ltd.)	Date of establishment: 23.4.2021  Term: Perpetual	Energy conservation and charging	Registered capital: 14,000,000  Paid-up capital: 14,000,000	13,995,938	13,975,201	(24,799)	(24,799)
11	鹽城港華智慧能源有限公司 (Yancheng Towngas China Smart Energy Co., Ltd.)	Date of establishment: 25.6.2021  Term: Perpetual	Photovoltaics	Registered capital: 34,000,000  Paid-up capital: 34,000,000	33,995,512 (Valued as at 30.9.2021)	33,993,465	(6,535)	(6,535)
12	馬鞍山市鄭蒲港新區港能投光伏有限公司 (Maanshan Zhengpugang New District Towngas China Photovoltaic Co., Ltd.)	Date of establishment: 15.6.2021  Term: Perpetual	Photovoltaics	Registered capital: 3,500,000  Paid-up capital: Nil	No valuation conducted	0	0	0
13	煙台港能投光伏有限公司 (Yantai Towngas China Photovoltaic Co., Ltd.)	Date of establishment: 1.6.2021  Term: 1.6.2021 to 31.5.2046	Photovoltaics	Registered capital: 16,000,000  Paid-up capital: Nil	No valuation conducted	0	0	0
14	南京港能投智慧能源有限公司 (Nanjing Towngas China Energy Co., Ltd)	Date of establishment: 25.8.2021  Term: Perpetual	Energy Storage	Registered capital: 14,000,000  Paid-up capital: Nil	No valuation conducted	0	0	0
15	青島港投光伏發電有限公司 (Qingdao Towngas China Photovoltaic Co., Ltd.)	Date of establishment: 20.8.2021  Term: Perpetual	Photovoltaics	Registered capital: 80,000,000  Paid-up capital: Nil	No valuation conducted	0	0	0
16	廈門港能投光伏有限公司 (Xiamen Towngas China Photovoltaic Co., Ltd.)	Date of establishment: 30.12.2020  Term: Perpetual	Photovoltaics	Registered capital: 46,000,000  Paid-up capital: Nil	No valuation conducted	0	Period ended 31.12.2020 (unaudited): 0	Period ended 31.12.2020 (unaudited): 0
17	營口港能投智慧能源有限公司 (Yingkou Towngas China Energy Co., Ltd)	Date of establishment: 3.9.2021  Term: Perpetual	Zero Carbon Smart City and Photovoltaics	Registered capital: 1,000,000  Paid-up capital: Nil	No valuation conducted	0	0	0

18	本溪港能投智慧能源有限公司 (Ben Xi Towngas China Energy Co., Ltd.)	Date of establishment: 13.9.2021  Term: Perpetual	Zero Carbon Smart City	Registered capital: 1,000,000  Paid-up capital: Nil	No valuation conducted	0	0	0
19	廣州振森新能源有限公司 (Guangzhou Zhensen New Energy Co., Ltd.)	Date of establishment: 21.11.2019  Term: Perpetual	Photovoltaics	Registered capital: 10,000,000  Paid-up capital: Nil	No valuation conducted	0	Period ended 31.10.2021: 0  Year ended 31.12.2020 (unaudited): 0  Period ended 31.12.2019 (unaudited): 0	Period ended 31.10.2021: 0  Year ended 31.12.2020 (unaudited): 0  Period ended 31.12.2019 (unaudited): 0
20	武漢港能投智慧能源有限公司 (Wuhan Towngas China Energy Co., Ltd.)	Date of establishment: 21.7.2021  Term: Perpetual	Photovoltaics	Registered capital: 12,000,000  Paid-up capital: Nil	No valuation conducted	0	0	0
21	唐山港投綜合智慧能源有限公司 (Tangshan Towngas China Integrated Energy Co., Ltd.)	Date of establishment: 3.8.2021  Term: Perpetual	Zero Carbon Smart City	Registered capital: 150,000,000  Paid-up capital: Nil	No valuation conducted	0	0	0
22	長三角一體化示範區（蘇州吳江）港能投智慧能源有限公司 (Yangtze River Delta Integrated Development Demonstration Zone (Suzhou Wujiang) Towngas China Energy Co., Ltd.)	Date of establishment: 30.6.2021  Term: Perpetual	Zero Carbon Smart City	Registered capital: 150,000,000  Paid-up capital: Nil	No valuation conducted	0	0	0

23	滄州港能投智慧能源有限公司 (Cangzhou Towngas China Energy Co., Ltd.)	Date of establishment: 26.8.2021  Term: Perpetual	Photovoltaics	Registered capital: 1,000,000  Paid-up capital: Nil	No valuation conducted	0	0	0	
24	西安港能投智慧能源有限公司 (Xi'an Towngas China Energy Co., Ltd.)	Date of establishment: 2.9.2021  Term: Perpetual	Charging	Registered capital: 2,200,000  Paid-up capital: Nil	No valuation conducted	0	0	0	
25	陽江港能投光伏有限公司 (Yangjiang Towngas China Photovoltaic Co., Ltd.)	Date of establishment: 27.10.2021  Term: Perpetual	Photovoltaics	Registered capital: 7,000,000  Paid-up capital: Nil	No valuation conducted	0	0	0	
26	廣州港能智慧能源有限公司 (Guangzhou Towngas China Energy Co., Ltd.)	Date of establishment: 11.11.2021  Term: Perpetual	Zero Carbon Smart City	Registered capital: 100,000,000  Paid-up capital: Nil	_*	_*	_*	_*	
<b>Total:</b>						<b>221,979,349</b>	<b>222,640,677</b>	<b>2,642,397</b>	<b>2,640,678</b>

*\*Note: This company was incorporated on 11 November 2021. As no capital has been injected and there has been no operation activities since its incorporation, this company has neither any asset nor any profit or loss up to the date of this announcement.*

## (ii) Smart Energy Companies non-wholly-owned by HCIP

	Name of Smart Energy Company	Date of establishment and term	Principal business activities	Shareholders and percentage of holding	Registered Capital and Paid-up Capital (RMB)	Valuation Amounts (Valued as at 31.8.2021 unless otherwise specified) (RMB)	Unaudited Net Asset Value as at 31.10.2021 (RMB)	Unaudited Net Profit/ (Loss) Before Tax for the period ended 31.10.2021 unless otherwise specified (RMB)	Unaudited Net Profit/ (Loss) After Tax for the period ended 31.10.2021 unless otherwise specified (RMB)
1	漂陽恒電新能源科技有限公司 (Liyang Hengdian Towngas China PV Power Generation Co., Ltd.)	Date of establishment: 13.4.2020 Term: 13.4.2020 to 12.4.2045	Photovoltaics	HCIP – 60% 常州港華燃氣有限公司 (Changzhou Hong Kong and China Gas Company Limited) – 40%	Registered capital: 22,500,000 Paid-up capital: 22,500,000	14,199,424	24,082,887  Attributable to HCIP: 14,449,733	Period ended 31.10.2021: 1,582,888 Attributable to HCIP: 949,733 Period ended 31.12.2020 (unaudited): 0	Period ended 31.10.2021: 1,582,888 Attributable to HCIP: 949,733 Period ended 31.12.2020 (unaudited): 0
2	丹陽港能投智慧能源有限公司 (Danyang Towngas China Energy Storage Power Plant Co., Ltd.)	Date of establishment: 7.12.2020 Term: 7.12.2020 to 6.12.2035	Energy Storage	HCIP – 90% 浙江南都能源互聯網運營有限公司 (Zhejiang Nandu Energy Interconnection Operations Co., Ltd.) – 10%	Registered capital: 30,000,000 Paid-up capital: 30,000,000	27,084,277	30,747,593  Attributable to HCIP: 27,672,834	749,778  Attributable to HCIP: 674,800	747,593  Attributable to HCIP: 672,834
3	蘇州光辰新能源科技有限公司 (Suzhou Guangchen Towngas China PV Power Generation Co., Ltd.)	Date of establishment: 11.12.2019 Term: Perpetual	Photovoltaics	HCIP – 80% 益閣新能源(上海)有限公司 (Yige New Energy (Shanghai) Co., Ltd.) – 20%	Registered capital: 15,000,000 Paid-up capital: 15,000,000	11,999,948	15,002,644  Attributable to HCIP: 12,002,116	Period ended 31.10.2021: 2,645 Attributable to HCIP: 2,116 Period ended 31.12.2020 (unaudited): 0	Period ended 31.10.2021: 2,645 Attributable to HCIP: 2,116 Period ended 31.12.2020 (unaudited): 0

4	泰州港能智慧能源有限公司 (Taizhou Towngas China Energy Co., Ltd.)	Date of establishment: 8.6.2021  Term: 8.6.2021 to 7.6.2051	Zero Carbon Smart City	HCIP – 80%  泰州海達新能源投資發展有限公司 (Taizhou Haida New Energy Investment and Development Co., Ltd.) – 20%	Registered capital: 210,000,000  Paid-up capital: 168,000,000  <i>(Note: Up to the date of this announcement, 泰州海達新能源投資發展有限公司 has not yet made any registered capital contribution.)</i>	168,234,090	168,518,612	625,354	518,612	
5	大連德泰港能投智慧能源有限公司 (Dalian DETA Towngas China Energy Co., Ltd.) #	Date of establishment: 18.9.2017  Term: Perpetual	Zero Carbon Smart City	HCIP – 49%  大連普泰能源有限公司 (Dalian Putai Energy Co., Ltd.) – 51%	Registered capital: 101,000,000  Paid-up capital: 101,000,000	65,709,098 (Valued as at 30.9.2021)	106,396,018	Period ended 31.10.2021: (45,198)  Attributable to HCIP: 52,134,048	Period ended 31.10.2021: (520,290)  Attributable to HCIP: (254,942)	
								Period ended 31.12.2020 (unaudited): 4,474,855  Period ended 31.12.2019 (unaudited): 836,160	Period ended 31.12.2020 (unaudited): 3,353,834  Period ended 31.12.2019 (unaudited): 568,117	
								<b>Attributed to HCIP:</b>	<b>Period ended 31.10.2021 and attributed to HCIP:</b>	<b>Period ended 31.10.2021 and attributed to HCIP:</b>
					<b>Total:</b>	<b>287,226,837</b>	<b>274,777,343</b>	<b>2,229,856</b>	<b>1,888,353</b>	

# Note: 49% of equity interests in this company was acquired by HCIP on 28 September 2021 for a total consideration of RMB65,454,156 (approximately HK\$78,822,442).

According to the valuation report dated 11 November 2021 issued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the Consideration Allocated Companies whose registered capital have been partially or fully paid, were valued at RMB509,206,186. Except for 鹽城港華智慧能源有限公司 (Yancheng Towngas China Smart Energy Co., Ltd.) and 大連德泰港能投智慧能源有限公司 (Dalian DETA Towngas China Energy Co., Ltd.) which were valued as at 30 September 2021, the other Consideration Allocated Companies were valued as at 31 August 2021.

No valuation has been conducted for those Smart Energy Companies which no registered capital has been paid and have not yet commenced operation as no profit, loss, assets or liabilities have been recorded.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group has been engaging in the business of smart energy system including renewable energy generation (including but not limited to solar photovoltaic), digitalized energy management services, and carbon management services (“**Smart Energy Business**”) and it is envisaged that the future development trend for the Smart Energy Business will lean on the management and reduction of carbon emissions. As such, the Group intends to further develop and expand its Smart Energy Business by allocating its resources to focus on the development of its Smart Energy Business. It was previously disclosed in the Transaction Announcement that HKCG is in support of such business development plan of the Group and that certain existing rooftop solar photovoltaic system business carried out by the HKCG Group are intended to be transferred to the Group. HCIP therefore enters into the Transfer Agreements with TCEI to transfer its interests in the Smart Energy Companies to TCEI. Upon the completion of the Acquisition, the Group will become the flagship of the HKCG Group in the Smart Energy Business in the PRC, thereby enhancing the value of the Group and strengthening its position as one of the leading players in the smart energy sector in the PRC.

The Directors (including the independent non-executive Directors) consider that notwithstanding that the Acquisition is not in the ordinary and usual course of business of the Group, the terms of the Transfer Agreements and the Acquisition contemplated thereunder are on normal commercial terms, and are fair and reasonable and in the interests of the Group and the shareholders of the Company taken as a whole.

## **LISTING RULES IMPLICATIONS**

As HKCG is a controlling shareholder of the Company and HCIP is a subsidiary of HKCG, HCIP is a connected person of the Company under the Listing Rules. The Acquisition and the entering into of the Transfer Agreements therefore constitute connected transactions of the Company under Chapter 14A of the Listing Rules. Given that one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition under the Transfer Agreements are more than 0.1% but all of them are less than 5%, the Acquisition is only subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

As (i) Dr. Lee Ka-kit, a Director, is deemed interested in approximately 41.53% of the total number of issued shares in HKCG, and (ii) Dr. Lee Ka-kit, Mr. Alfred Chan Wing-kin, Mr. Peter Wong Wai-ye, Mr. John Ho Hon-ming and Dr. the Hon. Moses Cheng Mo-chi, all being Directors, are also directors of HKCG, each of them had abstained from voting on the board resolutions to approve the Acquisition, the Transfer Agreements and the transactions contemplated thereunder.

## **INFORMATION ON THE PARTIES**

TCEI is an indirect wholly-owned subsidiary of the Company and is principally engaged in investment holding.

The Company is an investment holding company and the principal activities of its subsidiaries are the sales of piped gas and other types of energy, construction of gas pipelines, the sales of gas appliances and related products, and other value-added services in the PRC.

HCIP is an indirect wholly-owned subsidiary of HKCG and is principally engaged in investment holding.

HKCG is a controlling shareholder of the Company and through its various wholly-owned subsidiaries holds approximately 65.98% of the total issued shares of the Company as at the date of this announcement. The principal activities of the HKCG Group are the production, distribution and marketing of gas, water supply and emerging environmentally-friendly energy businesses in Hong Kong and the PRC. Henderson Land Development Company Limited, which is a company listed on the Stock Exchange (Stock Code: 12), is a controlling shareholder of HKCG and through its various wholly-owned subsidiaries holds approximately 41.53% of the total issued shares of HKCG as at the date of this announcement.

## DEFINITIONS

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

“Acquisition”	the acquisition by TCEI of the equity interests in the Smart Energy Companies held by HCIP pursuant to the Transfer Agreements
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Towngas China Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1083)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration Allocated Companies”	the Smart Energy Companies to be acquired by TCEI at a consideration, being the companies set out in items 1 to 11 and 27 to 31 in the table under the section headed “ <i>Acquisition of interests in Smart Energy Companies – Interest to be acquired and consideration payable</i> ” in this announcement
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HCIP”	港華綜合電能投資（深圳）有限公司 (Hong Kong and China Integrated Power Investment (Shenzhen) Limited), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of HKCG
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKCG”	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)
“HKCG Group”	HKCG and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi yuan, the lawful currency of the PRC
“Smart Energy Companies”	the 31 companies set out in the table under the section headed “Acquisition of interests in Smart Energy Companies – Interest to be acquired and consideration payable” in this announcement, and each a “Smart Energy Company”
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TCEI”	港華能源投資有限公司 (Towngas China Energy Investment Limited), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Transaction Announcement”	the announcement of the Company dated 25 October 2021 in relation to the issue of new shares and convertible bonds by the Company under general mandate
“Transfer Agreements”	31 equity interest transfer agreements all dated 3 December 2021 and entered into between HCIP as transferor and TCEI as transferee in relation to the acquisition by TCEI from HCIP of the equity interest in the Smart Energy Companies held by HCIP, and each equity interest transfer agreement in relation to the transfer of equity interest of a Smart Energy Company is referred to as a “Transfer Agreement”
“%”	per cent.

By Order of the Board  
**Towngas China Company Limited**  
**John Ho Hon-ming**  
*Executive Director and Company Secretary*

Hong Kong, 3 December 2021

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

*Non-Executive Directors:*

LEE Ka-kit (*Chairman*)  
LIU Kai Lap Kenneth

*Independent Non-Executive Directors:*

Moses CHENG Mo-chi  
Brian David LI Man-bun  
James KWAN Yuk-choi  
HU Zhang-hong

*Executive Directors:*

Alfred CHAN Wing-kin  
Peter WONG Wai-yee (*Chief Executive Officer*)  
John HO Hon-ming (*Company Secretary*)  
Martin KEE Wai-ngai (*Chief Operating Officer – Gas Business*)  
John QIU Jian-hang (*Chief Operating Officer – Renewable Business*)

*English names of the PRC established companies/entities in this announcement are only translations of their official Chinese names. In case of inconsistency, the Chinese names prevail.*

*In this announcement, RMB has been converted to HK\$ at the rate of RMB0.8304= HK\$1 for illustration purpose only. No representation is made that any amounts in RMB or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.*