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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

On 28th August 2020, U-Tech (a wholly-owned subsidiary of the Company) had signed and returned the Letter of Nomination to Sky Rainbow in respect of a successful tender for a sub-contract for the carrying out of the Electrical Installation Works at the Property for Sky Rainbow.

As Sky Rainbow is owned as to 65% by Henderson Land (a controlling shareholder of the Company) through its subsidiary, Sky Rainbow is an associate of Henderson Land and therefore a connected person of the Company under the Listing Rules. Accordingly, the Transaction constitutes a connected transaction 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 Electrical Installation Works 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

On 28th August 2020, U-Tech (a wholly-owned subsidiary of the Company) had signed and returned the Letter of Nomination to Sky Rainbow in respect of a successful tender for a sub-contract for the carrying out of the Electrical Installation Works at the Property for Sky Rainbow.

Under the terms of the Letter of Nomination, U-Tech will carry out the Electrical Installation Works at the Property at the sum of HK\$89,660,000. U-Tech may also carry out optional works in connection with the Electrical Installation Works at an aggregate additional costs of up to HK\$1,375,000. As such, it is estimated that the maximum contract sum for the Electrical Installation Works will not exceed HK\$91,035,000. 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 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 U-Tech on a monthly basis in accordance with market practice, and the amount payable to U-Tech for each installment will be determined by Sky Rainbow based on its assessment of the actual volume of the Electrical Installation Works performed by U-Tech in the relevant month.

Pursuant to the Letter of Nomination, 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 Nomination, except that the terms and conditions of the Transaction (including the timing of payment of such consideration and the specifications of the Electrical 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, Sky Rainbow 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 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 Electrical 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.

LISTING RULES IMPLICATIONS

As Sky Rainbow is owned as to 65% by Henderson Land (a controlling shareholder of the Company) through its subsidiary, Sky Rainbow is an associate of Henderson Land and therefore a connected person of the Company under the Listing Rules. Accordingly, the Transaction constitutes a connected transaction 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 Electrical Installation Works 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.

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.

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 Transaction and had abstained from voting in the meeting of the Directors on the resolution 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, Sky Rainbow is principally engaged in property development.

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 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:

“associate”	has the same meaning as provided in the Listing Rules
“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)
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“Letter of Nomination”	a letter issued by Sky Rainbow to U-Tech to confirm that its tender for the Electrical Installation Works will be accepted on the terms as set out therein
“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
“Property”	the redevelopment project situated at 4A-4P Seymour Road, Hong Kong

“Sky Rainbow”	Sky Rainbow Development Limited (信彩發展有限公司), a company incorporated in Hong Kong with limited liability and is owned as to 65% by Henderson Land through its subsidiary
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the carrying out of the Electrical Installation Works at the Property by U-Tech for Sky Rainbow
“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
Chief Financial Officer and Company Secretary

Hong Kong, 28th August 2020

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

<i>Non-executive Directors:</i>	Dr. Lee Ka-kit (Chairman), Mr. Lee Ka-shing (Chairman) and Dr. Colin Lam Ko-yin
<i>Independent Non-executive Directors:</i>	Dr. the Hon. Sir David Li Kwok-po, Prof. Poon Chung-kwong and Dr. Moses Cheng Mo-chi
<i>Executive Directors:</i>	Mr. Alfred Chan Wing-kin and Mr. Peter Wong Wai-yee

