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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

THE TRANSACTIONS

On 1st April 2022, (i) U-Tech (a wholly-owned subsidiary of the Company) had countersigned and returned to Ultra Keen the First Letter of Nomination in respect of the confirmation of the nomination of U-Tech as the sub-contractor to carry out Fire Services Installation Works at the Property; and (ii) Alpha Idea (a wholly-owned subsidiary of the Company) had countersigned and returned to Ultra Keen the Second Letter of Nomination in respect of the confirmation of nomination of Alpha Idea as the sub-contractor to carry out Town Gas Installation Works at the Property.

LISTING RULES IMPLICATIONS

As Ultra Keen is indirectly owned as to 30% by Henderson Land, a controlling shareholder of the Company, it is an associate of Henderson Land and therefore a connected person of the Company under the Listing Rules. Accordingly, the Fire Services Installation Works and Town Gas Installation Works constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the Fire Services Installation Works will be conducted on normal commercial terms and all the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Fire Services Installation Works are less than 0.1%, the Fire Services Installation Works are fully exempt from all disclosure requirements under Chapter 14A of the Listing Rules.

Since the Town Gas Installation Works will be conducted on normal commercial terms and all the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Town Gas Installation Works are less than 0.1%, the Town Gas Installation Works are fully exempt from all disclosure requirements under Chapter 14A of the Listing Rules.

As the Fire Services Installation Works, if aggregated with the Town Gas Installation Works, one of the relevant percentage ratio(s) calculated pursuant to Rule 14.07 of the Listing Rules is greater than 0.1% but less than 5%, the transactions in respect of the Fire Services Installation Works and the Town Gas Installation Works are subject to the reporting and announcement requirements and exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE FIRST LETTER OF NOMINATION

On 1st April 2022, U-Tech (a wholly-owned subsidiary of the Company) had countersigned and returned to Ultra Keen the First Letter of Nomination in respect of the confirmation of the nomination of U-Tech as the sub-contractor to carry out Fire Services Installation Works at the Property.

Under the terms of the First Letter of Nomination, U-Tech shall carry out the Fire Services Installation Works at the Property for the fixed contract sum of HK\$49,194,250. In addition, U-Tech may provide optional maintenance service for the Fire Services Installation Works for the first five years after the expiry of the defects liability period at a yearly rate of HK\$19,670. As such, the maximum contract sum for the Fire Services Installation Works is HK\$49,292,600, comprising the fixed contract sum and the aggregate fees for the optional maintenance service.

The 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 is no less favourable to the Group than those offered by the Group to its other independent third party customers. The contract sum will be payable to U-Tech by instalments in accordance with market practice, based on the progress of the Fire Services Installation Works performed by U-Tech.

According to the First Letter of Nomination, U-Tech will subsequently enter into a sub-contract with the Main Contractor. It is expected that such sub-contract would contain similar terms as those set out in the First Letter of Nomination, except that the terms and conditions of the carrying out of the Fire Services Installation Works at the Property (including the timing of payment of the contract sum and the specifications of the Fire Services Installation Works) will be set out in more detail. Upon the entering into by U-Tech of the sub-contract with the Main Contractor, Ultra Keen will be released and discharged from all claims and demands whatsoever under the First Letter of Nomination, and such liabilities will be transferred to the Main Contractor.

THE SECOND LETTER OF NOMINATION

On 1st April 2022, Alpha Idea (a wholly-owned subsidiary of the Company) had countersigned and returned to Ultra Keen the Second Letter of Nomination in respect of the confirmation of the nomination of Alpha Idea as the sub-contractor to carry out Town Gas Installation Works at the Property.

Under the terms of the Second Letter of Nomination, Alpha Idea shall carry out the Town Gas Installation Works at the Property for the fixed contract sum of HK\$31,508,800. Such consideration amount was arrived at 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 is no less favourable to the Group than those offered by the Group to its other independent third party customers. The contract sum will be payable to Alpha Idea by instalments in accordance with market practice, based on the progress of the Town Gas Installation Works performed by Alpha Idea.

According to the Second Letter of Nomination, Alpha Idea will subsequently enter into a sub-contract with the Main Contractor. It is expected that such sub-contract would contain similar terms as those set out in the Second Letter of Nomination, except that the terms and conditions of the carrying out of the Town Gas Installation Works at the Property (including the timing of payment of the contract sum and the specifications of the Town Gas Installation Works) will be set out in more detail. Upon the entering into by Alpha Idea of the sub-contract with the Main Contractor, Ultra Keen will be released and discharged from all claims and demands whatsoever under the Second Letter of Nomination, and such liabilities will be transferred to the Main Contractor.

So far as the Company is aware, the Main Contractor is a third party independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

U-Tech is principally engaged in 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 provide services similar to the Fire Services Installation Works.

Alpha Idea is principally engaged in entering installation and carcassing work contracts on behalf of its holding company.

The entering into of the transactions in respect of the Fire Services Installation Works and the Town Gas Installation Works is in the ordinary and usual course of business of U-Tech and Alpha Idea. It is expected that the such transactions will contribute to the profit of U-Tech and Alpha Idea, and hence the Group as a whole.

The Directors (including the independent non-executive Directors) are of the view that the transactions in respect of the Fire Services Installation Works and the Town Gas Installation Works are on normal commercial terms and in the ordinary and usual course of business of the Group, and the terms of such 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 Ultra Keen is indirectly owned as to 30% by Henderson Land, a controlling shareholder of the Company, it is an associate of Henderson Land and therefore a connected person of the Company under the Listing Rules. Accordingly, the Fire Services Installation Works and the Town Gas Installation Works constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the Fire Services Installation Works will be conducted on normal commercial terms and all the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Fire Services Installation Works are less than 0.1%, the Fire Services Installation Works are fully exempt from all disclosure requirements under Chapter 14A of the Listing Rules.

Since the Town Gas Installation Works will be conducted on normal commercial terms and all the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Town Gas Installation Works are less than 0.1%, the Town Gas Installation Works are fully exempt from all disclosure requirements under Chapter 14A of the Listing Rules.

As the Fire Services Installation Works, if aggregated with the Town Gas Installation Works, one of the relevant percentage ratio(s) calculated pursuant to Rule 14.07 of the Listing Rules is greater than 0.1% but less than 5%, the transactions in respect of the Fire Services Installation Works and the Town Gas Installation Works are subject to the reporting and announcement requirements and 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 Dr. 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 and had abstained from voting in the meeting of the Directors on the resolutions approving the above.

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 Mainland China.

So far as the Company is aware, Ultra Keen is principally engaged in the business of development of the Property and is ultimately owned as to 30% by Henderson Land, 30% by China Overseas Land & Investment Limited, 10% by K. Wah International Holdings Limited and 30% by Wharf Development Limited.

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, hotel operation and investment holding. The shareholding information of Henderson Land is available on the Stock Exchange's website (<https://www.hkexnews.hk/>).

China Overseas Land & Investment Limited is listed on the Main Board of the Stock Exchange (Stock Code: 688) and together with its subsidiaries are principally engaged in property development, property investment, investment holding, property consultancy, real estate agency, loan financing and security investments.

K. Wah International Holdings Limited (Stock Code: 173) is listed on the Main Board of the Stock Exchange and together with its subsidiaries are principally engaged in property development and investment in Hong Kong and Mainland China.

Wharf Development Limited is a wholly-owned subsidiary of The Wharf (Holdings) Limited. The Wharf (Holdings) Limited is listed on the Main Board of the Stock Exchange (Stock Code: 4) and together with its subsidiaries are principally engaged in investment properties and development properties in Hong Kong and the Mainland, hotels ownership and management, logistics and investment.

DEFINITIONS

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

“associate”	has the same meaning ascribed to it in the Listing Rules
“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
“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
“Fire Services Installation Works”	the works relating to installation of fire services system at the Property
“First Letter of Nomination”	the letter issued by Ultra Keen to U-Tech and countersigned by U-Tech on 1st April 2022 in respect of the engagement of U-Tech as a nominated sub-contractor to carry out Fire Services Installation Works at the Property
“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)
“Henderson Group”	Henderson Land and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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 N.K.I.L. 6554, Area 4A, Site 2, Kai Tak, Kowloon, Hong Kong
“Second Letter of Nomination”	the letter issued by Ultra Keen to Alpha Idea and countersigned by Alpha Idea on 1st April 2022 in respect of the engagement of Alpha Idea as a nominated sub-contractor to carry out Town Gas Installation Works at the Property
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Town Gas Installation Works”	the works relating to supply and installation of town gas system and gas water heaters at the Property
“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
“Ultra Keen”	Ultra Keen Holdings Limited (瑞建控股有限公司), a company incorporated in Hong Kong with limited liability which is indirectly owned as to 30% by Henderson Land and therefore an associate of Henderson Land under the Listing Rules
“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, 1st April 2022

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

<i>Non-executive Directors:</i>	Dr. Lee Ka-kit (Chairman), Dr. 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. the Hon. Moses Cheng Mo-chi
<i>Executive Directors:</i>	Mr. Alfred Chan Wing-kin, Mr. Peter Wong Wai-yee and Mr. John Ho Hon-ming

