

---

## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

---

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisor.

If you have sold or transferred all your shares in **Towngas Smart Energy Company Limited**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of Towngas Smart Energy Company Limited.

---



# 港華智慧能源有限公司 Towngas Smart Energy Company Limited

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

(Stock Code: 1083)

## CONNECTED TRANSACTIONS IN RELATION TO THE PROPOSED ISSUE OF NEW SHARES TO CONNECTED PERSONS AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders

### ALTUS CAPITAL LIMITED

---

Capitalised terms used in the lower portion of this cover page will have the same respective meanings as those defined in the section headed “Definitions” in this circular.

A letter from the Board is set out on pages 8 to 20 of this circular. A letter from the Independent Board Committee is set out on pages 21 to 22 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 23 to 37 of this circular.

The notice convening the EGM to be held at 18th Floor, Harbour East, 218 Electric Road, North Point, Hong Kong on Thursday, 26 May 2022 at 12:30 p.m. is set out on pages 43 to 45 of this circular. Whether or not you are able to attend the EGM in person, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event no later than 12:30 p.m. on Tuesday, 24 May 2022, or not less than 48 hours before the time appointed for the holding of any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM (or any adjournment thereof) should you so wish.

#### PRECAUTIONARY MEASURES FOR EXTRAORDINARY GENERAL MEETING

To safeguard the health and safety of shareholders and to prevent and control the spread of the novel coronavirus disease (COVID-19), the following precautionary measures will be implemented at the EGM:

- compulsory body temperature checks and health declarations
- scanning the “LeaveHomeSafe” venue QR Code
- wearing of surgical face mask
- designated seating area
- no distribution of refreshment or gift

Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the EGM venue. The Company reminds shareholders that they may consider appointing the chairman of the EGM as their proxy to vote on the relevant resolution(s) at the EGM as an alternative to attending the meeting in person.

To the extent that there are any inconsistencies between the English version and the Chinese version of this circular, the English version shall prevail.

10 May 2022

---

## CONTENTS

---

|  | <i>Page</i> |
|--|-------------|
| <b>PRECAUTIONARY MEASURES FOR EXTRAORDINARY GENERAL MEETING ..</b> | 1           |
| <b>DEFINITIONS .....</b>   | 4           |
| <b>LETTER FROM THE BOARD .....</b>                                 | 8           |
| <b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE .....</b>           | 21          |
| <b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER .....</b>         | 23          |
| <b>APPENDIX – GENERAL INFORMATION .....</b>                        | 38          |
| <b>NOTICE OF EXTRAORDINARY GENERAL MEETING .....</b>               | 43          |

---

## **PRECAUTIONARY MEASURES FOR EXTRAORDINARY GENERAL MEETING**

---

In view of the ongoing novel coronavirus disease (COVID-19) and recent requirements, if any, for prevention and control of its spread, the following precautionary measures will be implemented at the extraordinary general meeting of the Company (“EGM”):

1. Compulsory body temperature checks will be conducted for every attendee at the entrance of the EGM venue. Any person with a body temperature of over 37.4 degree Celsius may be denied entry into the EGM venue and be required to leave the EGM venue.
2. Every attendee will be required to wear a surgical face mask throughout the EGM and inside the EGM venue, and to sit at a distance from other attendees. Please note that no masks will be provided at the meeting venue and attendees should bring and wear their own masks.
3. Each attendee is required to comply with the entry requirements of the EGM venue, including scanning of the “LeaveHomeSafe” venue QR code.
4. No refreshment will be served, and there will be no gift.
5. Each attendee may be asked whether (a) he/she has travelled outside of Hong Kong within the 14-day period immediately before the EGM; (b) he/she is subject to any Hong Kong Government prescribed quarantine; and (c) he/she has any flu-like symptoms or close contact with any person under quarantine or with recent travel history. Anyone who responds positively to any of these questions may be denied entry into the EGM venue and be required to leave the EGM venue.

### **LIMITING ATTENDANCE IN PERSON AT THE EGM MEETING VENUE**

The Company will limit attendance in person at the EGM venue in accordance with prevailing requirements or guidelines published by the Government of Hong Kong and/or regulatory authorities at the time of the EGM. The Company will continue to closely monitor the development of the pandemic situation in Hong Kong and the latest announcement published by the Government of Hong Kong in respect of the latest social distancing measures and further update on the EGM arrangements.

---

## PRECAUTIONARY MEASURES FOR EXTRAORDINARY GENERAL MEETING

---

### ATTENDING THE EGM BY MEANS OF ELECTRONIC FACILITIES

The EGM will be a hybrid meeting. In addition to the traditional physical attendance at the EGM, Shareholders have the option of attending, participating and voting at the EGM through online access by visiting website at <https://meetings.computershare.com/TSELEGM2022> (the “**Online Platform**”). Shareholders participating in the EGM using the Online Platform will also be counted towards the quorum and they will be able to cast their votes and submit questions through the Online Platform. Votes cast through the Online Platform are irrevocable once the voting session at the EGM ends.

The Online Platform will be open for registered Shareholders and non-registered Shareholders (see below for login details and arrangements) to log in approximately 30 minutes prior to the commencement of the EGM and can be accessed from any location with internet connection by a smart phone, tablet device or computer. Shareholders should allow ample time to check into the Online Platform to complete the related procedures.

#### **Login details for registered Shareholders**

Details regarding the EGM arrangements including login details to access the Online Platform are included in the Company’s notification letter to registered Shareholders sent together with this circular.

#### **Login details for non-registered Shareholders**

Non-registered Shareholders who wish to attend, participate and vote at the EGM using the Online Platform should (1) contact and instruct their banks, brokers, custodians, nominees or HKSCC Nominees Limited through which their shares are held (together, the “**Intermediary**”) to appoint themselves as proxy or corporate representative to attend the EGM and (2) provide their email address to their Intermediary before the time limit required by the relevant Intermediary. Details regarding the EGM arrangements including login details to access the Online Platform will be sent by the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, to the email address of the non-registered Shareholders provided by the Intermediary. Any non-registered Shareholder who has provided an email address through the relevant Intermediary for this purpose but has not received the login details by email by 12:30 p.m. on Wednesday, 25 May 2022 should reach out to the branch share registrar of the Company in Hong Kong for assistance. Without the login details, non-registered Shareholders will not be able to participate and vote using the Online Platform. Non-registered Shareholders should therefore give clear and specific instructions to their Intermediary in respect of both (1) and (2) above.

---

## PRECAUTIONARY MEASURES FOR EXTRAORDINARY GENERAL MEETING

---

**Registered and non-registered Shareholders should note that only one device is allowed per login. Please also keep the login details in safe custody for use at the EGM and do not disclose them to anyone else. Neither the Company nor its agents assume any obligation or liability whatsoever in connection with the transmission of the login details or any use of the login details for voting or otherwise.**

If any Shareholder has any question relating to the EGM, please contact the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited as follows:

Computershare Hong Kong Investor Services Limited  
17M Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

Website: [www.computershare.com/hk/contact](http://www.computershare.com/hk/contact)  
Telephone: (852) 2862 8555  
Facsimile: (852) 2865 0990

Shareholders will be able to raise questions by text related to the proposed resolutions during the live online webcast. Shareholders can also send the questions in writing before the EGM, to our principal place of business or to our email at [tse.l.ir@towngassmartenergy.com](mailto:tse.l.ir@towngassmartenergy.com)

The Company may not be able to answer all the questions during the time allocated. Unanswered questions may be responded to after the EGM.

In addition, the Company reminds all Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. Shareholders may consider submitting their completed forms of proxy in advance of the EGM. Completion and return of the form of proxy will not preclude a Shareholder from attending and voting (whether physically or online) at the EGM or any adjournment thereof should the Shareholder so desire, and, in the such event, the proxy appointment shall be deemed to be revoked.

---

## DEFINITIONS

---

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

|                     |   |
|---------------------|---|
| “Board”             | the board of Directors  |
| “Business Days”     | means a day (other than a Saturday, Sunday or public holiday or a day on which a typhoon signal 8 or above or black rainstorm signal is hoisted in Hong Kong at 10:00 a.m.) on which banks in Hong Kong are generally open for business |
| “Company”           | Towngas Smart Energy Company Limited (Stock Code: 1083), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange                                    |
| “connected person”  | has the meaning ascribed to it under the Listing Rules  |
| “Convertible Bonds” | the 1% unsecured convertible bonds due 2026 in the principal amount of RMB1,835,603,119.35 issued by the Company and convertible into Shares, the particulars of which are set out in the Transaction Announcement                      |
| “CT Announcement”   | the announcement dated 18 March 2022 relating to the proposed issue of Shares to connected persons containing, <i>inter alia</i> , particulars of the Share Issue and the Subscription Agreements                                       |
| “Director(s)”       | director(s) of the Company  |
| “EGM”               | an extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Subscription Agreements and the Share Issue   |
| “Group”             | the Company and its subsidiaries  |
| “HKCG”              | The Hong Kong and China Gas Company Limited, a controlling Shareholder holding approximately 65.98% of the total issued Shares as at the Latest Practicable Date  |
| “HKCG Group”        | HKCG and its subsidiaries   |

---

## DEFINITIONS

---

|                                 |  |
|---------------------------------|--|
| “HK\$”                          | Hong Kong dollar, the lawful currency of Hong Kong   |
| “Hong Kong”                     | the Hong Kong Special Administrative Region of the PRC   |
| “Independent Board Committee”   | an independent committee of the Board comprising all the independent non-executive Directors, namely Dr. Moses Cheng Mo-chi, Mr. Brian David Li Man-bun, Mr. James Kwan Yuk-choi and Dr. Loh Kung Wai Christine  |
| “Independent Financial Adviser” | Altus Capital Limited, a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreements and the Share Issue |
| “Independent Shareholder(s)”    | Shareholders who are not required to abstain from voting at the EGM on the resolution to approve the Subscription Agreements and the Share Issue   |
| “insignificant subsidiar(ies)”  | has the meaning ascribed to it under the Listing Rules   |
| “Investor”                      | Clean Energy Ecosystem Pte. Ltd., a limited liability company incorporated in the Republic of Singapore  |
| “Investor Agreement”            | the subscription agreement dated 25 October 2021 entered into between the Company and the Investor in relation to the issue of Shares and convertible bonds to the Investor, the particulars of which are set out in the Transaction Announcement  |
| “Issue Date”                    | the date of issue of the Subscription Shares to the Subscribers  |
| “Latest Practicable Date”       | 3 May 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein   |

---

## DEFINITIONS

---

|                          |  |
|--------------------------|--|
| “Listing Rules”          | Rules Governing the Listing of Securities on the Stock Exchange  |
| “Ordinary Resolution(s)” | the proposed ordinary resolution(s) as referred to in the EGM notice   |
| “Permitted Bank Loan”    | a loan advanced by a licensed bank approved by the Company to a Subscriber for the purpose of financing the consideration payable by such Subscriber under the relevant Subscription Agreement   |
| “PRC”                    | the People’s Republic of China, which for the purpose of this circular, shall exclude Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan  |
| “SFO”                    | the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as may be amended from time to time)   |
| “Share Issue”            | the issue of the Subscription Shares by the Company to the Subscribers pursuant to the terms of the Subscription Agreements  |
| “Shareholder(s)”         | holder(s) of Shares  |
| “Share(s)”               | share(s) of HK\$0.10 each in the share capital of the Company  |
| “Stock Exchange”         | The Stock Exchange of Hong Kong Limited  |
| “Subscriber(s)”          | the individuals set out in the table under the section headed “ <i>Proposed issue of new Shares to connected persons – Particulars of the Subscribers, the Subscription Shares and the subscription consideration payable</i> ” in the Letter from the Board in this circular, and each a “Subscriber” |



---

## DEFINITIONS

---

|                             |   |
|-----------------------------|---|
| “Subscription Agreement(s)” | 10 subscription agreements all dated 18 March 2022 and entered into between the Company and each Subscriber in relation to the subscription by the relevant Subscriber of Shares in the Company, and each subscription agreement entered into between the Company and a Subscriber is referred to as a “Subscription Agreement” |
| “Subscription Price”        | HK\$3.69 per Subscription Share   |
| “Subscription Share(s)”     | new Shares to be allotted and issued to the Subscribers under the Subscription Agreements   |
| “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   |
| “%”                         | per cent.   |

---

LETTER FROM THE BOARD

---



**港華智慧能源有限公司**  
**Towngas Smart Energy Company Limited**

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

**(Stock Code: 1083)**

*Non-Executive Directors:*

Dr. Lee Ka-kit (*Chairman*)  
Mr. LIU Kai Lap Kenneth

*Executive Directors:*

Mr. Alfred Chan Wing-kin  
Mr. Peter Wong Wai-yee (*Chief Executive Officer*)  
Mr. John Ho Hon-ming (*Company Secretary*)  
Mr. Martin Kee Wai-ngai  
(*Chief Operating Officer – Gas Business*)  
Dr. John Qiu Jian-hang  
(*Chief Operating Officer – Renewable Business*)

*Independent Non-Executive Directors:*

Dr. the Hon. Moses Cheng Mo-chi  
Mr. Brian David Li Man-bun  
Mr. James Kwan Yuk-choi  
Dr. Loh Kung Wai Christine

*Registered Office:*

P.O. Box 309  
Ugland House  
Grand Cayman  
KY1-1104  
Cayman Islands

*Head Office and Principal Place  
of Business in Hong Kong:*

23rd Floor  
363 Java Road  
North Point  
Hong Kong

10 May 2022

*To the Shareholders*

Dear Sir/Madam,

**CONNECTED TRANSACTIONS IN RELATION TO  
THE PROPOSED ISSUE OF NEW SHARES TO CONNECTED PERSONS  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

Reference is made to the CT Announcement. Pursuant to the requirements of the Listing Rules, the Company is required to seek the Independent Shareholders' approval in relation to the Subscription Agreements and the Share Issue, which constitute connected transactions of the Company under the Listing Rules.

---

## LETTER FROM THE BOARD

---

The purpose of this circular is to, *inter alia*, provide you with (i) details of the Subscription Agreements and the Share Issue; (ii) the recommendations from the Independent Board Committee to the Independent Shareholders in respect of the Subscription Agreements and the Share Issue; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreements and the Share Issue; (iv) other information as required by the Listing Rules; and (v) a notice of the EGM.

### **PROPOSED ISSUE OF NEW SHARES TO CONNECTED PERSONS**

On 18 March 2022, the Company entered into a Subscription Agreement with each of the Subscribers pursuant to which each of the Subscribers conditionally agreed to subscribe for, and the Company conditionally agreed to issue, in aggregate 5,584,000 Subscription Shares at the Subscription Price of HK\$3.69 per Subscription Share in cash, representing an aggregate subscription consideration of HK\$20,604,960, on and subject to the terms and conditions set out therein. Summarized below are the principal terms of the Subscription Agreements:

#### **Date of the Subscription Agreements**

18 March 2022

#### **Parties to the Subscription Agreements**

- (1) the Company as issuer; and
- (2) each of the Subscribers as subscriber.

The Subscribers comprise (i) directors of the Company; and (ii) directors each of whom holds directorships in a number of subsidiaries of the Company which on a standalone basis is an insignificant subsidiary of the Company but when aggregated with the other subsidiaries which the relevant director sits on the board are not regarded as insignificant subsidiaries of the Company, who also happen to be directors of subsidiaries of HKCG.

---

## LETTER FROM THE BOARD

---

### Particulars of the Subscribers, the Subscription Shares and the subscription consideration payable

Pursuant to the respective Subscription Agreements, each of the Subscribers conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, such number of Subscription Shares at the Subscription Price of HK\$3.69 per Subscription Share as set out against his name as follows:

| Name of Subscriber               | No. of<br>Subscription<br>Shares<br>subscribed for | Subscription<br>consideration<br>(HK\$) | Approx.<br>percentage of<br>total issued<br>Shares as at the<br>Latest<br>Practicable Date | Approx.<br>percentage of<br>total issued<br>Shares<br>immediately after<br>completion of the<br>Share Issue<br>(Note 3) |
|----------------------------------|--|---|--|---|
| Peter Wong Wai-ye (Note 1)       | 1,800,000  | 6,642,000                               | 0.0570%  | 0.0569%   |
| John Ho Hon-ming (Note 1)        | 900,000  | 3,321,000                               | 0.0285%  | 0.0284%   |
| Martin Kee Wai-ngai (Note 1)     | 900,000  | 3,321,000                               | 0.0285%  | 0.0284%   |
| John Qiu Jian-hang (Note 1)      | 1,350,000  | 4,981,500                               | 0.0427%  | 0.0426%   |
| Zhou Heng-xiang (Note 2)         | 138,000  | 509,220                                 | 0.0044%  | 0.0044%   |
| Lawrence Fok Chi-cheong (Note 2) | 138,000  | 509,220                                 | 0.0044%  | 0.0044%   |
| Huang Jie (Note 2)               | 110,000  | 405,900                                 | 0.0035%  | 0.0035%   |
| Kenneth Fan Chun-choi (Note 2)   | 110,000  | 405,900                                 | 0.0035%  | 0.0035%   |
| Patrick Lau Kai-hung (Note 2)    | 69,000   | 254,610                                 | 0.0022%  | 0.0022%   |
| Zhao Xu (Note 2)                 | 69,000   | 254,610                                 | 0.0022%  | 0.0022%   |
| <b>Total:</b>                    | <u>5,584,000</u>                                   | <u>20,604,960</u>                       | <u>0.1767%</u>   | <u>0.1764%</u>  |

*Notes:*

1. Director of the Company
2. Director of subsidiaries of the Company and director of subsidiaries of HKCG, the holding company of the Company
3. Assuming that there will be no change in the total number of issued Shares from the Latest Practicable Date until the completion of the Share Issue

In determining the number of Subscription Shares to be issued to each of the Subscribers, the Company had assessed each Subscriber on an individual basis, taking into account (i) the nature and extent of contributions made and expected to be made by the relevant Subscriber to the business and operations of the Group; (ii) the working experience and expertise in energy-related business of the relevant Subscriber; and (iii) the job position of the relevant Subscriber in the Group.

---

## LETTER FROM THE BOARD

---

For those Subscribers who are Directors, the Company had considered the following matters:

| Name of Subscriber  | Matters being considered  |
|---------------------|---|
| Peter Wong Wai-yee  | He has been an Executive Director and the Chief Executive Officer of the Company since March 2007, and is responsible for taking the lead in the general direction of the Group in its environment, social and governance agenda, smart energy business and opportunities in the PRC. |
| John Ho Hon-ming    | He has been an Executive Director and the Company Secretary of the Company since March 2007, and is in charge of the finance operations and company secretarial of the Group.   |
| Martin Kee Wai-ngai | He has been participating in the mainland business of the HKCG Group since 1994. He has been an Executive Director of the Company since May 2015 and the Chief Operating Officer of the Company since July 2017, and is in charge of the gas business of the Group.                   |
| John Qiu Jian-hang  | He has been participating in the mainland business of the HKCG Group since 2003. He has been an Executive Director and the Chief Operating Officer of the Company since November 2021, and is in charge of the renewable business of the Group.                                       |

For the remaining Subscribers who are directors of subsidiaries of the Company (and who also happen to be directors of subsidiaries of HKCG), the Company had considered the following matters:

| Name of Subscriber | Matters being considered   |
|--------------------|--|
| Zhou Heng-xiang    | He has been participating in the mainland business of the HKCG Group since November 2002 and was appointed as senior vice president (strategy planning) of the Group in January 2019. He has been appointed as executive vice president of the Group's gas business since October 2021, and is responsible for the operations management and strategic development of Group's gas and energy projects in the Yangtze Delta region. |

---

**LETTER FROM THE BOARD**

---

| <b>Name of Subscriber</b> | <b>Matters being considered</b>   |
|---------------------------|---|
| Lawrence Fok Chi-cheong   | He has been participating in the mainland business of the HKCG Group since January 2003 and was appointed as senior vice president of the Group in March 2007. He has been appointed as executive vice president (finance) of the Group since January 2022, and is responsible for the management of the Group's financial affairs as well as the financial management of the Group's public utilities, smart energy and extended businesses in the PRC.            |
| Huang Jie                 | She has joined the Group since July 2007 and has been appointed as senior vice president (internal accounting/information management), who is responsible for assisting the Group in its development of internal financial management, board management and information technology management systems.  |
| Kenneth Fan Chun-choi     | He has been participating in the mainland business of the HKCG Group since September 2002 and has been appointed as senior vice president (general manager of South China region) of the Group since August 2021, and is responsible for Group's gas business, the development of smart energy projects and the promotion of extended businesses in the South China region.   |
| Patrick Lau Kai-hung      | He has been participating in the mainland business of the HKCG Group since October 2003 and has been appointed as senior vice president (general manager of Shandong and North China Region) of the Group since March 2012, and is responsible for the operation and management of the Group's gas and integrated energy projects and the investment in new projects in Shandong, Hebei, Henan, Inner Mongolia and Beijing Economic-Technological Development Area. |
| Zhao Xu                   | He has joined the Group since July 2007 and has been appointed as senior vice president (general manager of Northeast Region) of the Group since July 2007, and is responsible for the operation, management and development of the Group's business in the Northeast China market.   |

---

## LETTER FROM THE BOARD

---

The Subscription Shares in aggregate represent approximately 0.1767% of the existing total number of issued Shares as at the Latest Practicable Date and approximately 0.1764% of the total number of issued Shares as enlarged by the allotment and issue of the Subscription Shares (assuming that there will be no change in the total number of issued Shares from the Latest Practicable Date until the completion of the Share Issue).

Reference is made to the announcement of the Company dated 18 March 2022 relating to the proposed issue of new Shares under general mandate where it was disclosed that the Company had also on 18 March 2022 entered into subscription agreements with various individuals pursuant to which such individuals will, subject to the terms and conditions set out in such subscription agreements, subscribe for in aggregate 6,079,000 Shares to be issued under the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 27 May 2021 (“**GM Subscription Shares**”). If both the Subscription Shares and the GM Subscription Shares are allotted and issued, the Subscription Shares will represent approximately 0.1761% of the total number of issued Shares as enlarged by the allotment and issue of the Subscription Shares and the GM Subscription Shares. The issue of the GM Subscription Shares and the Share Issue are not inter-conditional upon each other.

### ***The Subscription Price***

The Subscription Price of HK\$3.69 per Subscription Share represents (i) a discount of approximately 49.10% to the net assets value per Share of the Company as at 31 December 2021; (ii) a discount of approximately 14.39% to the closing price of HK\$4.31 per Share as quoted on the Stock Exchange on the date of the Subscription Agreements (i.e. 18 March 2022), (iii) a discount of approximately 19.85% to the average closing price of HK\$4.604 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days immediately preceding the date of the Subscription Agreements; and (iv) a discount of approximately 6.58% to the closing price of HK\$3.95 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was determined with reference to prevailing market price and prospects of the Group with a discount as incentive in order to retain the Subscribers to continue to contribute to the operations and further development of the Group.

---

## LETTER FROM THE BOARD

---

### ***Ranking of Subscription Shares***

The Subscription Shares when issued will rank *pari passu* in all respects with the Shares in issue at the Issue Date and in particular will rank in full for all dividends and other distributions declared, made or paid at any time at or after the Issue Date.

### **Condition precedent**

Completion of each of the Subscription Agreements shall be conditional upon the following conditions (the “**Conditions**”) being fulfilled by 4:00 p.m. on 31 December 2022 or such later time and date as may be agreed between the Company and the relevant Subscriber in writing (the “**Long Stop Time**”):

- (a) where the relevant Subscriber is a PRC resident, the completion of the necessary registration and filing procedures relating to the issue and subscription of the Subscription Shares as contemplated under the relevant Subscription Agreement with the State Administration of Foreign Exchange in accordance with PRC laws and regulations;
- (b) the approval from the Independent Shareholders in respect of the relevant Subscription Agreement and the share issue contemplated thereunder having been obtained; and
- (c) the granting of the listing of, and permission to deal in, the relevant Subscription Shares by the Listing Committee of the Stock Exchange.

In the event that the Conditions cannot be fulfilled by the Long Stop Time, the relevant Subscription Agreement shall lapse and be of no further effect, and neither party to the relevant Subscription Agreement shall have any claims against the other party nor shall have any obligations or responsibilities towards the other party.

### **Completion**

Completion of the Subscription Agreements shall take place on the 5th Business Day after the day on which the last of the Conditions have been satisfied or such other date as the Company and the relevant Subscribers may agree in writing.



---

## LETTER FROM THE BOARD

---

### **Undertakings from the Subscribers**

Each of the Subscribers has unconditionally and irrevocably undertaken to the Company under the relevant Subscription Agreement that save for the creation of any encumbrances over all or any of the Subscription Shares subscribed by such Subscriber as security under a Permitted Bank Loan, it shall not during the period of 2 years from the Issue Date (the “**Lock-up Period**”) sell or transfer the relevant Subscription Shares subscribed by it to any other party or create any charge, mortgage, lien, pledge, option, other security interest or other encumbrance or create or grant any interest or rights in favour of any other party over or in relation to such Subscription Shares.

Each of the Subscribers has further unconditionally and irrevocably undertaken to the Company under the relevant Subscription Agreement that if he wishes to transfer all or any of the Subscription Shares held by him after the expiry of the Lock-up Period, he shall give not less than 5 Business Days prior written notice to the Company and shall only execute such transfer(s) through one or more designated brokers specified by the Company and notified to the Subscriber from time to time.

### **THE INVESTOR’S TOP-UP RIGHTS UNDER THE INVESTOR AGREEMENT AND ADJUSTMENT TO CONVERSION PRICE UNDER THE CONVERTIBLE BONDS**

Reference is made to the Transaction Announcement of the Company dated 25 October 2021. According to an undertaking given by the Company under the Investor Agreement, in light of the Share Issue, the Company is required offer to issue such number of new shares to the Investor on the same terms and conditions as those offered to the Subscribers so as to enable the Investor to maintain its proportional interests on a fully diluted and as converted basis in the Company immediately before such dilutive event (“**Investor’s Top-up Rights**”). Further, pursuant to the conditions of the Convertible Bonds, the conversion price of the Convertible Bonds will also be subject to adjustment as the Subscription Shares will be issued at the Subscription Price which is less than the price stated in the conditions of the Convertible Bonds thereby triggering an adjustment event. Please refer to the Transaction Announcement for further details of the Investor’s Top-up Rights and the events triggering adjustments under the Convertible Bonds.

The Company has received confirmation that the Investor will not exercise the Investor’s Top-up Rights and will not require adjustment to be made to the conversion price under the Convertible Bonds as a result of, *inter alia*, the Share Issue.

---

## LETTER FROM THE BOARD

---

### **REASONS FOR AND BENEFITS OF THE SHARE ISSUE**

In order to maintain the competitiveness of the Company, a share award scheme was adopted by the Company on 17 August 2021 pursuant to which the Company may award Shares to selected directors and employees of the Group as incentives in order to retain them for the continual operation and development of the Group. The Share Issue will further attract and retain suitable personnel to promote the further development of the Company by providing incentives for the management personnel of the Group to continuously contribute to the operations and further development of the Group and enabling them to enjoy the results of the Group achieved through their contributions to the Group.

### **USE OF PROCEEDS**

The gross proceeds from the Share Issue will be HK\$20,604,960. The Company intends to apply the net proceeds from the Share Issue for its general working capital purposes. As at the Latest Practicable Date, the Company does not have a concrete plan as to how such proceeds are to be allocated for different use and the Company will utilize such proceeds in such manner as to meet the needs of the Group in the future.

### **EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS**

Save for the issue of Shares and the Convertible Bonds to the Investor pursuant to the Investor Agreement, the Company has not conducted any equity fund raising activities in the past 12 months immediately preceding the date of the Subscription Agreements.

---

## LETTER FROM THE BOARD

---

### EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, there are 3,159,895,343 Shares in issue. Set out below is a table showing the shareholding structure of the Company (i) as at the Latest Practicable Date, and (ii) immediately after the issue of the Subscription Shares assuming there is no further issue of Shares from the Latest Practicable Date other than the Subscription Shares:

| Shareholder  | Shareholding immediately before the issue of the Subscription Shares |                    | Shareholding immediately after the issue of the Subscription Shares<br>(Note 3) |                    |
|--|--|--------------------|---|--------------------|
|  | No. of Shares  | Approx. %          | No. of Shares   | Approx. %          |
| HKCG (Note 1)  | 2,084,895,656  | 65.9799%           | 2,084,895,656   | 65.8635%           |
| Investor   | 116,783,333  | 3.6958%            | 116,783,333   | 3.6893%            |
| Alfred Chan Wing-kin (Note 2)  | 4,161,034  | 0.1317%            | 4,161,034   | 0.1315%            |
| Peter Wong Wai-ye (Note 2)   | 3,201,000  | 0.1013%            | 5,001,000   | 0.1580%            |
| John Ho Hon-ming (Note 2)  | 1,133,862  | 0.0359%            | 2,033,862   | 0.0643%            |
| James Kwan Yuk-choi (Note 2)   | 2,265,000  | 0.0717%            | 2,265,000   | 0.0716%            |
| Martin Kee Wai-ngai (Note 2)   | –  | –                  | 900,000   | 0.0284%            |
| John Qiu Jian-hang (Note 2)  | –  | –                  | 1,350,000   | 0.0426%            |
| The Subscribers (other than Peter Wong Wai-ye, John Ho Hon-ming, Martin Kee Wai-ngai and John Qiu Jian-hang) | –  | –                  | 634,000   | 0.0200%            |
| Other public Shareholders  | <u>947,455,458</u>   | <u>29.9838%</u>    | <u>947,455,458</u>  | <u>29.9309%</u>    |
| <b>Total:</b>  | <b><u>3,159,895,343</u></b>  | <b><u>100%</u></b> | <b><u>3,165,479,343</u></b>   | <b><u>100%</u></b> |

#### Notes

- The Shares are held through various wholly-owned subsidiaries of HKCG. Dr. Lee Ka-kit, a Director, is also deemed under the SFO to be interested in these Shares.
- A Director.
- The figures in this column are for illustrating the dilution effect of the issue of the Subscription Shares on the shareholding of the existing Shareholders and are arrived based on the assumption that there is no further issue of Shares from the Latest Practicable Date other than the Subscription Shares.

---

## LETTER FROM THE BOARD

---

### LISTING RULES IMPLICATIONS

The Subscribers comprise (1) directors of the Company; and (2) directors each of whom holds directorships in a number of subsidiaries of the Company which on a standalone basis is an insignificant subsidiary but when aggregated with the other subsidiaries which the relevant director sits on the board, are not regarded as insignificant subsidiaries of the Company, who also happen to be directors of subsidiaries of HKCG. As such, the Subscribers are all connected persons of the Company under Chapter 14A of the Listing Rules and the entering into of the Subscription Agreements and the Share Issue constitute connected transactions of the Company under the Listing Rules and are subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Given that Mr. Peter Wong Wai-ye, Mr. John Ho Hon-ming, Mr. Martin Kee Wai-ngai and Dr. John Qiu Jian-hang are Subscribers and therefore interested in the relevant Subscription Agreements and the Share Issue, they had abstained from voting on the Board resolutions approving the Subscription Agreements and the Share Issue.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, save for Mr. Peter Wong Wai-ye and Mr. John Ho Hon-ming who are Subscribers, no Shareholder is required under the Listing Rules to abstain from voting on the resolution to approve the Subscription Agreements and the Share Issue at the EGM.

### APPLICATION FOR LISTING

Application has been made by the Company to the Stock Exchange for the listing of, and permission to deal in the Subscription Shares.

### INFORMATION ON THE COMPANY AND THE GROUP

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 sale of gas appliances and related products, and other value-added services in the PRC.

### INFORMATION ON THE INVESTOR

The Investor is ultimately controlled by Affinity Asia Pacific Fund V (the “**Fund**”), a private equity fund advised by an independently owned and operated buyout fund manager, Affinity Equity Partners group. The Fund focuses on control-oriented transactions, control buyouts, growth capital and public-to-private transactions with an emphasis in the regions of Korea, Australia, New Zealand, Greater China and Southeast Asia.

---

## LETTER FROM THE BOARD

---

### EGM AND PROXY ARRANGEMENT

The notice convening the EGM is set out in pages 43 to 45 of this circular. At the EGM, an Ordinary Resolution will be proposed to approve the Subscription Agreements and the Share Issue.

The register of members will be closed from 23 May 2022 to 26 May 2022, both days inclusive, during which period no transfer of Shares will be registered for the purpose of ascertaining the Shareholders entitled to attend and vote at the EGM.

All completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30p.m. on 20 May 2022.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM in person, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event no later than 12:30 p.m. on Tuesday, 24 May 2022, or not less than 48 hours before the time appointed for the holding of any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting (as the case may be).

### RECOMMENDATIONS

The Independent Board Committee has been established to advise the Independent Shareholders as to whether the terms of the Subscription Agreement, the Share Issue and Subscription Price are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Although Dr. the Hon. Moses Cheng Mo-chi is also a director of HKCG, he is not regarded as having a material interest in the Share Issue and therefore has acted as a member of the Independent Board Committee. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

---

## LETTER FROM THE BOARD

---

Your attention is drawn to (i) the letter from the Independent Board Committee as set out on pages 21 to 22 of this circular which contains the recommendation from the Independent Board Committee to the Independent Shareholders, and (ii) the letter from the Independent Financial Adviser as set out on pages 23 to 37 of this circular which contains the recommendation from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement, the Share Issue and Subscription Price and the principal factors and reasons considered by the Independent Financial Adviser in arriving at its recommendation.

Having taken into account the factors as disclosed above in the section headed “*Reasons for and Benefits of the Share Issue*”, the Directors (including the independent non-executive Directors whose views are set out in the “*Letter from the Independent Board Committee*” in this circular after taking into consideration the advice from the Independent Financial Adviser) consider that (i) the terms of the Share Issue and the Subscription Agreements (including the Subscription Price) are on normal commercial terms and are fair and reasonable as far as the Company and the Independent Shareholders are concerned, (ii) the Share Issue is conducted in the ordinary and usual course of business of the Group, and (iii) the Subscription Agreements and the Share Issue are in the interests of the Company and the Shareholders as a whole. Therefore, the Directors recommend that the Independent Shareholders should vote in favour of the Ordinary Resolution to be proposed at the EGM to approve the Subscription Agreements and the Share Issue.

### ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders set out on pages 21 to 22 of this circular, the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 23 to 37 of this circular, and the information set out in the appendix on pages 38 to 42 of this circular.

Yours faithfully,  
By Order of the Board  
**Towngas Smart Energy Company Limited**  
**John Ho Hon-ming**  
*Executive Director and Company Secretary*

---

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

---

*The following is the text of a letter from the Independent Board Committee, setting out its recommendation to the Independent Shareholders in relation to the Subscription Agreements and the Share Issue, which has been prepared for the purpose of inclusion in this circular.*



# 港華智慧能源有限公司 Towngas Smart Energy Company Limited

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

**(Stock Code: 1083)**

10 May 2022

*To the Independent Shareholders*

Dear Sir/Madam,

### **CONNECTED TRANSACTIONS IN RELATION TO THE ISSUE OF NEW SHARES UNDER GENERAL MANDATE**

We refer to the circular of the Company dated 10 May 2022 issued to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same respective meanings as defined in the Circular unless the context otherwise requires.

As members of the Independent Board Committee, we have been appointed by the Board to advise the Independent Shareholders on whether the terms of the Subscription Agreements and the Share Issue are fair and reasonable so far as the Independent Shareholders are concerned. Details of the Subscription Agreements and the Share Issue are set out in the text of the letter from the Board as set out on pages 8 to 20 of the Circular.

We wish to draw your attention to the letter of advice from the Independent Financial Adviser as set out on pages 23 to 37 of the Circular which contains, among others, its advice and recommendation to us as regards the terms of the Subscription Agreements and the Share Issue together with the principal factors and reasons for its advice and recommendation.

---

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

---

Having considered, among other matters, the factors and reasons considered by, and the opinions of, the Independent Financial Adviser as stated in its aforementioned letter of advice, we consider that (i) the terms of the Share Issue and the Subscription Agreements (including the Subscription Price) are on normal commercial terms and are fair and reasonable as far as the Company and the Independent Shareholders are concerned, (ii) the Share Issue is conducted in the ordinary and usual course of business of the Group, and (iii) the Subscription Agreements and the Share Issue are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the Ordinary Resolution to be proposed at the EGM to approve the Subscription Agreements and the Share Issue.

Yours faithfully,

For and on behalf of

**Independent Board Committee**

**Dr. the Hon.  
Moses Cheng Mo-chi**

**Mr. Brian David  
Li Man-bun**

**Mr. James Kwan  
Yuk-choi**

**Dr. Loh Kung Wai  
Christine**

*Independent Non-Executive Directors*



---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

*Set out below is the text of the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreements and the Share Issue for inclusion in the Circular.*

# ALTUS .

**Altus Capital Limited**

21 Wing Wo Street,  
Central, Hong Kong

10 May 2022

*To the Independent Board Committee and the Independent Shareholders*

**Towngas Smart Energy Company Limited**

23rd Floor  
363 Java Road  
North Point, Hong Kong

Dear Sir or Madam,

### **CONNECTED TRANSACTIONS IN RELATION TO THE PROPOSED ISSUE OF NEW SHARES TO CONNECTED PERSONS**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreements and the Share Issue. Details of the Share Issue are set out in the “Letter from the Board” contained in the circular of the Company dated 10 May 2022 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined herein or required by the context.

On 18 March 2022, the Company entered into a Subscription Agreement with each of the Subscribers pursuant to which each of the Subscribers conditionally agreed to subscribe for, and the Company conditionally agreed to issue, in aggregate 5,584,000 Subscription Shares at the Subscription Price of HK\$3.69 per Subscription Share in cash, representing an aggregate subscription consideration of HK\$20,604,960, on and subject to the terms and conditions set out therein.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### LISTING RULES IMPLICATION

The Subscribers comprise (i) directors of the Company; and (ii) persons who each holds directorships in a number of the Company's subsidiaries that are regarded as insignificant on a standalone basis but are not regarded as the Company's insignificant subsidiaries when aggregated with other subsidiaries the boards of which the relevant person also serves, who also happen to be directors of HKCG's subsidiaries. As such, the Subscribers are all connected persons of the Company under Chapter 14A of the Listing Rules and the entering into of the Subscription Agreements and the Share Issue constitute connected transactions of the Company under the Listing Rules and are subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Given that Mr. Peter Wong Wai-ye, Mr. John Ho Hon-ming, Mr. Martin Kee Wai-ngai and Dr. John Qiu Jian-hang are Subscribers and therefore interested in the relevant Subscription Agreements and the Share Issue, they had abstained from voting on the Board resolutions approving the Subscription Agreements and the Share Issue.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, save for Mr. Peter Wong Wai-ye and Mr. John Ho Hon-ming who are Subscribers, no Shareholder is required under the Listing Rules to abstain from voting on the resolution to approve the Subscription Agreements and the Share Issue at the EGM.

### THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Dr. the Hon. Moses Cheng Mo-chi, Mr. Brian David Li Man-bun, Mr. James Kwan Yuk-choi and Dr. Loh Kung Wai Christine has been formed to advise the Independent Shareholders as to whether (i) the Share Issue is conducted in the ordinary and usual course of business of the Company, and in the interests of the Company and the Shareholders as a whole; (ii) the terms of the Subscription Agreements (including the Subscription Price) are on normal commercial terms and are fair and reasonable as far as the Company and the Independent Shareholders are concerned; and (iii) how the Independent Shareholders should vote in respect of the Ordinary Resolution to be proposed at the EGM to approve the Subscription Agreements and the Share Issue, taking into account the recommendation from the Independent Financial Adviser. Although Dr. the Hon. Moses Cheng Mo-chi is also a director of HKCG, he is not regarded as having a material interest in the Share Issue and therefore has acted as a member of the Independent Board Committee.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to whether (i) the Share Issue is conducted in the ordinary and usual course of business of the Company, and whether the Share Issue and the Subscription Agreements are in the interests of the Company and the Shareholders as a whole; (ii) the terms of the Share Issue and the Subscription Agreements (including the Subscription Price) are on normal commercial terms and are fair and reasonable as far as the Company and the Independent Shareholders are concerned; and (iii) how the Independent Shareholders should vote in respect of the Ordinary Resolution to be proposed at the EGM to approve the Subscription Agreements and the Share Issue.

We have not acted as the independent financial adviser or financial adviser in relation to any transactions of the Company in the last two years prior to the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on the Share Issue and Subscription Agreements is at market level and not conditional upon successful passing of the resolution, and that our engagement is on normal commercial terms, we are independent of and not associated with the Company, its controlling shareholder(s) or connected person(s).

### BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others, (i) the Subscription Agreements; (ii) the announcement of the Company dated 18 March 2022 in relation to issue of new Shares under general mandate; (iii) the annual results announcement and annual report of the Company for the year ended 31 December 2021 (the “**2021 Annual Results Announcement**” and the “**2021 Annual Report**”); and (iv) other information as set out in the Circular.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

We have also relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Company (the “**Management**”). We have assumed that all the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and will continue to be so up to the date of EGM. The Directors collectively and individually accept full responsibility, including particulars given in compliance with the Listing Rules for the purpose of giving information with regards to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement in the Circular misleading.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading.

We consider that we have been provided with, and have reviewed, sufficient information to reach an informed view and provide a reasonable basis for our opinion. We have not, however, conducted an independent investigation into the business, financial conditions and affairs or future prospects of the Group. The Company will notify the Shareholders of any material change after the Latest Practicable Date and after the despatch of the Circular.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

#### **1. Background information of the Group**

##### ***1.1 Principal business of the Group***

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 sale of gas appliances and related products, and other value-added services in the PRC.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### ***1.2 Business development and outlook***

According to the 2021 Annual Results Announcement and the 2021 Annual Report, against the backdrop of achieving carbon emission peak by 2030 and carbon neutrality by 2060 by the PRC government, it is the Group's long-term development strategy to build an integrated, smart and sustainable renewable energy business based on three core pillars: integration, digitalisation and decarbonisation. The Management believes that the theme of future development in the energy business will be sustainability and decarbonisation and the global effort will focus on the promotion of green and low-carbon transformation and to achieve zero carbon emission.

In this regard, we noted that the Group has made considerable efforts in developing its smart and renewable energy business during the year of 2021, including establishment of cooperation with multiple industry-leading enterprises and actively seeking new renewable energy projects in the PRC. For example, the Group collaborated with Tencent Cloud to create a smart energy ecological platform to carry out innovations in business areas such as energy and carbon monitoring, energy operation, energy and carbon trading, and auxiliary services using digital technologies. The Group also set up the joint research centre with Tsinghua University to explore regional integrated energy planning, multi-energy complementation, integrated gas use and other key technologies. In terms of renewable energy projects, the Group made steady progress and engaged in a total of 35 new renewable energy projects in 2021; while added another 21 renewable energy projects in early 2022.

We understand from the Management that the Group strives to have significant share in the field of zero-carbon smart parks by 2025, and to consolidate its position as a leader in the renewable energy industry in the PRC. It is noted that to better reflect the Group's strategic business plan and future development direction, the Group has proposed a change of company name from "Towngas China Company Limited" to "Towngas Smart Energy Company Limited", which recently took effect from 14 December 2021.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### 2. Reasons for and benefits of the Share Issue

Considering the current business development, direction of on-going expansion and growth of the Group, the Management recognises that its directors and employees are fundamental to the Group's long term development and success. We are advised by the Management that the Share Issue is construed as a means to (i) incentivise the Subscribers to continue to contribute to the Group's operations and further development, in particular, for its smart and renewable energy business corresponding to the Group's business strategy noted under the paragraph headed "1.2 Business development and outlook" above; and (ii) align the Subscribers' interests with that of the Shareholders by enabling them to enjoy the results of the Group through their shareholding interests.

We further understand from the Management that the Share Issue forms part of the employee incentive scheme of the Company for selected directors and employees of the Group (the "**Selected Participants**") to participate in the subscription of Shares. For details of the share issue to Selected Participants that are not connected persons of the Company under Chapter 14A of the Listing Rules (the "**Independent Share Issue**"), please refer to the Company's announcement dated 18 March 2022 in relation to the issue of new Shares under general mandate. As elaborated in the paragraph headed "3.5 Principal terms of the Subscription Agreements" below, we noted that the Share Issue is subject to the same terms as those of the Independent Share Issue, save for the requirement of Independent Shareholders' approval.

It is expected that the Subscribers with opportunities to acquire equity interests in the Company through the Share Issue will provide them with incentive to look after the Group's overall performance and competitiveness. Furthermore, it is expected that the Share Issue can retain skilled and experienced Subscribers to remain with the Group and motivate them to strive for the Group's sustainable growth going forward. The Share Issue therefore serves to align the interests between the Shareholders and the Subscribers.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

We noted that to maintain competitiveness of the Company as an employer, it has adopted a share award scheme on 17 August 2021, a common tool for companies listed on the Stock Exchange to incentivise and retain talents. It is our understanding from the Management that corresponding to the rising global awareness on the importance of sustainability and increasing effort to develop renewable energy (for instance, the PRC government's emphasis in the "14th Five-Year plan" to reduce carbon dioxide emission), competition for talents with expertise in this field is increasing. With this in mind, the Management, having considered other share-based incentives such as share award and stock options, is of the view that the Share Issue is the most appropriate for the Group's current position as (i) having invest their own funds, the Subscribers are expected to be more committed to the Group's future development and Share price performance; (ii) the Share Issue will immediately align the Subscribers' interest with that of the Shareholders compared to schemes with vesting periods, while the undertaking from the Subscribers to not transfer the relevant interests in the two years after the Issue Date as detailed in the paragraph headed "3.4 Undertaking from Subscribers" below delivers the same effect as a vesting period under a share award and/or option scheme; and (iii) although it is expected that the Group will incur a share-based payment as a result of the Share Issue, which we understand the amount to be immaterial, the Share Issue will also provide the Group with additional working capital as discussed in the paragraph headed "5. Potential financial effects as a results of the Share Issue" below as compared to only incurring a share-based payment under the alternatives.

Having considered the above and the Management's view as elaborated in the paragraph headed "Reasons for and benefits of the Share Issue" in the "Letter from the Board" of the Circular, we concur with the Management that the Share Issue is in the interests of the Company and the Shareholders as a whole.

### **3. Particulars of the Share Issue**

When considering the fairness and reasonableness of the Share Issue, we have taken into account the following factors. For details of the principal terms of the Subscription Agreements, please refer to the "Letter from the Board" of the Circular.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### ***3.1 Purpose of the Share Issue***

As advised by the Management, the purpose of the Share Issue is to incentivise skilled and experienced Subscribers to remain with the Group and to motivate them to strive for the future development and expansion of the Group in order to create value for the Shareholders. As discussed in the paragraph headed “2. Reasons for and benefits of the Share Issue” above, we consider the purpose of the Share Issue is in the interests of the Company and the Shareholders as a whole and is in the ordinary and usual course of business of the Group.

### ***3.2 Information on the Subscribers***

The Subscribers include directors of the Company and persons each of whom holds directorships in a number of subsidiaries of the Company, who also happen to be directors of HKCG’s subsidiaries. For details of identity of the Subscribers and their respective Subscription Shares, please refer to the paragraph headed “Particulars of the Subscribers, the Subscription Shares and the subscription consideration payable” in the “Letter from the Board” of the Circular.

We understand from the Management that the Subscribers are selected based on (i) their expected contributions to the Group, in particular, in the area of smart and renewable energy business; (ii) their working experience and expertise in energy-related business; and (iii) their duration of services and past contribution to the Group. We understand such selection criteria applies to all of the Selected Participants, regardless of whether he/she is a connected person of the Company under Chapter 14A of the Listing Rules.

In this regard, we have obtained and reviewed the credentials and background information of each of the Subscribers. We noted that all of the Subscribers (i) are expected to continue contributing significantly to the further growth and development of the Group; (ii) have relevant experience and/or expertise crucial to the development of the Group’s smart and renewable energy business; and (iii) are considered by the Board to have significantly contributed to the Group. Based on the above, we are of the view that the Subscribers have been selected in accordance to the abovementioned selection criteria and concur with the Management’s view that each of the Subscribers are expected to contribute significantly to the further growth and development of the Group, including but not limited to its smart and renewable energy business. For details of each of the Subscribers’ roles and responsibilities in the Group, please refer to the paragraph headed “Particulars of the Subscribers, the Subscription Shares and the subscription consideration payable” in the “Letter from the Board” of the Circular.



---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### ***3.3 The Subscription Price***

The Subscription Price of HK\$3.69 per Subscription Share represents

- (i) a discount of approximately 49.10% to the net assets value per Share of the Company as at 31 December 2021;
- (ii) a discount of approximately 14.39% to the closing price of HK\$4.31 per Share as quoted on the Stock Exchange on the date of the Subscription Agreements (i.e. 18 March 2022);
- (iii) a discount of approximately 19.85% to the average closing price of HK\$4.604 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days immediately preceding the date of the Subscription Agreements; and
- (iv) a discount of approximately 6.58% to the closing price of HK\$3.95 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

We understand that the Subscription Price, which represents a discount to the prevailing market price of the Share, was determined mainly considering to provide incentive and retain Subscribers to continue to contribute to the operations and further development of the Group, which is in line with the purpose of the Share Issue as discussed above. Furthermore, we noted that the Subscription Price is the same as that of the Independent Share Issue as further discussed below. Therefore, we are of the view that the Subscription Price is fair and reasonable as far as the Company and the Independent Shareholders are concerned.

### ***3.4 Undertakings from the Subscribers***

As stipulated in the Subscription Agreements, we noted that each of the Subscribers has unconditionally and irrevocably undertaken to the Company that it shall not during the period of two years from the Issue Date (the “**Lock-up Period**”) sell or transfer the relevant Subscription Shares subscribed by it to any other party. For details, please refer to the paragraph headed “Undertakings from the Subscribers” in the “Letter from the Board” of the Circular.

We consider such undertaking is in line with the purpose of the Share Issue, which aligns the interests of the Subscribers with those of the long-term Shareholders in order to promote the long term growth and development of the Group.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### *3.5 Principal terms of the Subscription Agreements*

To assess whether the terms of the Subscription Agreements are fair and reasonable, we have conducted a comparison analysis against the terms offered under the Independent Share Issue. Having obtained and reviewed all subscription agreements in relation to the Independent Share Issue and compared the terms set out therein with those of the Subscription Agreements, we noted that save for the requirement of Independent Shareholders' approval, the terms of the Subscription Agreements are the same as those of the subscription agreements in relation to the Independent Share Issue, including but not limited to the Subscription Price and undertakings provided by the Subscribers. On this basis, we are of the view that the terms of the Subscription Agreements are fair and reasonable.

Further, we have also conducted a comparable analysis through identifying companies listed on the Stock Exchange which announced an issue of new shares for the purpose of incentivising employees during the period from 18 December 2021 up to and including 18 March 2022, being the date of the Subscription Agreement. On such basis, we have identified ten comparable companies (the "**Share Issue Comparables**"), which we consider to be an exhaustive list of the relevant comparable companies based on the abovementioned criteria. We consider a review period of around three months prior to the date of the Subscription Agreement is reasonable as it reflects prevailing market sentiment, economic and financial market cycles and provides a representative sample of recent Share Issue Comparables.

It should be noted that the Share Issue Comparables may have different principal activities, market capitalisation, profitability and financial position as compared with those of the Company. Set out below is a table illustrating details of the Share Issue Comparables.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

| Date of announcement | Company name                               | Stock code | Subject matter   | Issue price<br>HK\$ | (Discount) of the issue price to the average closing price for the last 5 consecutive trading days immediately preceding the date of the respective agreement<br>% | the closing price on the date of the respective agreement<br>% | Lock-up/vesting schedule   |
|----------------------|--|------------|--|---------------------|--|--|--|
| 18 March 2022        | Razer Inc.                                 | 1337       | Grant of awards of restricted stock units under the 2016 equity incentive plan and issue of new shares   | Nil                 | N/A  | N/A  | (i) For grant to directors: 25% on each of 1 April 2022, 1 January 2023, 1 January 2024 and 1 January 2025<br>(ii) For grant to employees: 25% per year over four years commencing from 1 April 2023 |
| 3 March 2022         | Pacific Basin Shipping Limited             | 2343       | Proposed issue of new shares under general mandate in relation to awards granted pursuant to the 2013 share award scheme                           | Nil                 | N/A  | N/A  | N/A  |
| 24 February 2022     | PCCW Limited                               | 0008       | Issue of new shares under general mandate for grant of awards pursuant to share award scheme   | Nil                 | N/A  | N/A  | N/A  |
| 24 February 2022     | HKT Limited                                | 6823       | Issue of new share stapled units under general mandate for grant of awards pursuant to share stapled units award scheme                            | Nil                 | N/A  | N/A  | N/A  |
| 22 February 2022     | China Youzan Limited                       | 8083       | Grant of shares under the share award scheme and issue of new shares under general mandate   | Nil                 | N/A  | N/A  | The awards will fully vest on 30 September 2023 or attainment of certain key performance index targets, whichever is earlier   |
| 21 January 2022      | Tencent Holdings Limited                   | 700        | Issue of new shares pursuant to share award schemes  | Nil                 | N/A  | N/A  | N/A  |
| 17 January 2022      | Medlive Technology Co., Ltd.               | 2192       | Grant of share awards pursuant to the share award scheme and proposed issue of new shares under the share award scheme pursuant to general mandate | Nil                 | N/A  | N/A  | The share awards shall be vested in eight equal tranches with the vesting date on 19 July of each year beginning in 2023 and ending in 2030  |
| 23 December 2021     | TOT BIOPHARM International Company Limited | 1875       | Grant of award shares under restricted share award scheme and issue of new shares under general mandate  | Nil                 | N/A  | N/A  | Fully vest on 31 March 2024, 2025 and 2026 respectively or fulfillment of certain vesting conditions, whichever is later   |
| 23 December 2021     | Simcere Pharmaceutical Group Limited       | 2096       | Grant of awards and issue of new shares under the 2021 rsu scheme  | Nil                 | N/A  | N/A  | Vest on 23 December 2022, 2023 and 2024 respectively   |
| 20 December 2021     | Weimob Inc.                                | 2013       | Grant of awards and issue of new shares under the 2020 rsu scheme  | Nil                 | N/A  | N/A  | Within four years from the date of the awards  |

*Source: The website of the Stock Exchange (www.hkex.com.hk)*

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

As shown in the above table, it is noted that all of the Share Issue Comparables involve the issue of shares under share award schemes, where the shares are being awarded to the grantee at nil consideration. As compared to that of the Share Issue, where the Subscribers would have to subscribe the Subscription Shares at the Subscription Price, the subscription consideration would result in enhancement of the Group's financial position as discussed in the paragraph headed "5. Potential financial effects as a results of the Share Issue" below. Meanwhile, the Subscribers are also expected to be more committed to the Group's development with own funds invested as discussed in the paragraph headed "2. Reasons for and benefits of the Share Issue" above. In these respects, the Share Issue is more favourable to the Group comparatively. In addition, considering the undertaking from the Subscribers to not transfer the relevant interests in the two years after the Issue Date as detailed in the paragraph headed "3.4 Undertaking from Subscribers" above delivers the same effect as a vesting period under a share award scheme, we have also compared and noted that the Lock-up Period of two years is within the range of the vesting schedules of the Share Issue Comparables. Based on the above, we are of the view that the terms of the Subscription Agreements are fair and reasonable from a comparable analysis perspective.

### ***3.6 Section summary***

Based on the above, we are of the view that the terms of the Subscription Agreements (including the Subscription Price) are on normal commercial terms and are fair and reasonable as far as the Company and the Independent Shareholders are concerned, and the Share Issue and the Subscription Agreement are in the interests of the Company and the Shareholders as a whole.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### 4. Effects of the Share Issue on shareholding structure of the Company

As at the Latest Practicable Date, there are 3,159,895,343 Shares in issue. As set out in the paragraph headed “Effects on shareholding structure of the Company” in the “Letter from the Board” of the Circular, the following table illustrates the effects of the Share Issue on shareholding structure of the Company.

| Shareholder   | Shareholding immediately before<br>the issue of the Subscription<br>Shares |               | Shareholding immediately after<br>the issue of the Subscription<br>Shares<br>(Note 3) |               |
|---|--|---------------|---|---------------|
|   | No. of Shares  | Approx. %     | No. of Shares   | Approx. %     |
|   | HKCG (Note 1)  | 2,084,895,656 | 65.9799%  | 2,084,895,656 |
| Investor  | 116,783,333  | 3.6958%       | 116,783,333   | 3.6893%       |
| Alfred Chan Wing-kin (Note 2)   | 4,161,034  | 0.1317%       | 4,161,034   | 0.1315%       |
| Peter Wong Wai-yee (Note 2)   | 3,201,000  | 0.1013%       | 5,001,000   | 0.1580%       |
| John Ho Hon-ming (Note 2)   | 1,133,862  | 0.0359%       | 2,033,862   | 0.0643%       |
| James Kwan Yuk-choi (Note 2)  | 2,265,000  | 0.0717%       | 2,265,000   | 0.0716%       |
| Martin Kee Wai-ngai (Note 2)  | –  | –             | 900,000   | 0.0284%       |
| John Qiu Jian-hang (Note 2)   | –  | –             | 1,350,000   | 0.0426%       |
| The Subscribers (other than Peter Wong Wai-yee,<br>John Ho Hon-ming, Martin Kee Wai-ngai and<br>John Qiu Jian-hang) | –  | –             | 634,000   | 0.0200%       |
| Other public Shareholders   | 947,455,458  | 29.9838%      | 947,455,458   | 29.9309%      |
| <b>Total:</b>   | <b>3,159,895,343</b>   | <b>100%</b>   | <b>3,165,479,343</b>  | <b>100%</b>   |

*Notes:*

1. The Shares are held through various wholly-owned subsidiaries of HKCG. Dr. Lee Ka-kit, a Director, is also deemed under the SFO to be interested in these Shares.
2. A Director.
3. The figures in this column are for illustrating the dilution effect of the issue of the Subscription Shares on the shareholding of the existing Shareholders and are arrived based on the assumption that there is no further issue of Shares from the Latest Practicable Date other than the Subscription Shares.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

Assuming there are no changes to the shareholding of other public Shareholders and the issued share capital of the Company from the Latest Practicable Date to the completion of the Share Issue save for the Share Issue, the interest of other public Shareholders in the Company's total number of issued Shares will be slightly diluted from approximately 30.0% to 29.9%. We consider such nominal potential dilution effect to be acceptable and justifiable, after taking into account the Share Issue is conducted in the interests of the Company and the Shareholders as a whole and the terms of the Subscription Agreements (including the Subscription Price) are on normal commercial terms and are fair and reasonable as far as the Company and the Independent Shareholders are concerned.

### **5. Potential financial effects as a results of the Share Issue**

According to the "Letter from the Board" of the Circular, the gross proceeds from the Share Issue will be HK\$20,604,960 and the Company intends to apply the net proceeds from the Share Issue for its general working capital purposes. As such, it is expected that the Share Issue will lead to an increase in the Company's bank balances and cash while its equity base will also be enlarged. On the other hand, it is expected that the Group will incur an immaterial share-based payment as a result of the Share Issue. While the amount of proceeds may not be material as compared to the Group's operating scale, as elaborated in the paragraph headed "2. Reasons for and benefits of the Share Issue" above, the Share Issue can incentivise, motivate and align the interests of the Subscribers and Shareholders.

### **RECOMMENDATION**

Having considered the above principal factors, we are of the view that (i) the Share Issue is conducted in the ordinary and usual course of business of the Group, and the Share Issue and the Subscription Agreements are in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the Share Issue and the Subscription Agreements (including the Subscription Price) are on normal commercial terms and are fair and reasonable as far as the Company and the Independent Shareholders are concerned.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the Ordinary Resolution to be proposed at the EGM to approve the Subscription Agreements and the Share Issue.

Yours faithfully,  
For and behalf of  
**Altus Capital Limited**

**Arnold Ip**  
*Executive Director*

**Charlotte Khoo**  
*Executive Director*

*Mr. Arnold Ip (“**Mr. Ip**”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and permitted to undertake work as a sponsor. He is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Mr. Ip has over 30 years of experience in banking, corporate finance advisory and investment management. In particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.*

*Ms. Charlotte Khoo (“**Ms. Khoo**”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. Ms. Khoo has over 10 years of experience in corporate finance and advisory in Hong Kong, in particular, she has participated in sponsorship work for initial public offerings and acted as financial adviser and independent financial adviser in various corporate finance transactions. Ms. Khoo is a certified public accountant of the Hong Kong Institute of Certified Public Accountants.*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, the interests or short positions of the Directors and the chief executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required pursuant to: (a) Divisions 7 to 8 of Part XV of the SFO, to be notified to the Company and the Stock Exchange; (b) Section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”), to be notified to the Company and the Stock Exchange, were as follows:

### Long positions in shares

| Name of Company  | Name of Director             | Capacity  | Personal interest | Interest in shares |                    |                | Aggregate interest | Approximate percentage of the number of issued shares of the Company or its associated corporation as at Latest Practicable Date |
|--|------------------------------|---|-------------------|--------------------|--------------------|----------------|--------------------|--|
|  |                              |   |                   | Family interest    | Corporate interest | Other Interest |                    |  |
| Towngas Smart Energy Company Limited (formerly known as Towngas China Company Limited) | Lee Ka-kit (Note 1)          | Discretionary beneficiary of discretionary trusts | -                 | -                  | -                  | 2,084,895,656  | 2,084,895,656      | 65.98%   |
|  | Alfred Chan Wing-kin         | Beneficial owner                                  | 4,161,034         | -                  | -                  | -              | 4,161,034          | 0.13%  |
|  | Peter Wong Wai-yee (Note 2)  | Beneficial owner                                  | 5,001,000         | -                  | -                  | -              | 5,001,000          | 0.16%  |
|  | John Ho Hon-ming (Note 3)    | Beneficial owner                                  | 2,033,862         | -                  | -                  | -              | 2,033,862          | 0.06%  |
|  | Martin Kee Wai-ngai (Note 4) | Beneficial owner                                  | 900,000           | -                  | -                  | -              | 900,000            | 0.03%  |
|  | John Qiu Jian-hang (Note 5)  | Beneficial owner                                  | 1,350,000         | -                  | -                  | -              | 1,350,000          | 0.04%  |
| HKCG   | James Kwan Yuk-choi          | Beneficial owner                                  | 2,265,000         | -                  | -                  | -              | 2,265,000          | 0.07%  |
|  | Lee Ka-kit (Note 6)          | Discretionary beneficiary of discretionary trusts | -                 | -                  | -                  | 7,748,692,715  | 7,748,692,715      | 41.53%   |
|  | Alfred Chan Wing-kin         | Interest held jointly with spouse                 | 355,772           | -                  | -                  | -              | 355,772            | 0.00%  |
|  | John Ho Hon-ming             | Beneficial owner                                  | 55,710            | -                  | -                  | -              | 55,710             | 0.00%  |
| Everwealth Investment A, L.P. (Note 7)   | James Kwan Yuk-choi          | Beneficial owner and interest of spouse           | 121,275           | 142,299            | -                  | -              | 263,574            | 0.00%  |
|  | Alfred Chan Wing-kin         | Beneficial owner (limited partner)                | USD2,237,452      | -                  | -                  | -              | USD2,237,452       | 100.00%  |
| EcoCeres, Inc. (Note 8)  | Alfred Chan Wing-kin         | Interest of controlled corporations               | -                 | -                  | 66,409             | -              | 66,409             | 0.57%  |



*Notes:*

1. Rimmer (Cayman) Limited (“**Rimmer**”) and Riddick (Cayman) Limited (“**Riddick**”) as trustees of respective discretionary trusts, held units in a unit trust (“**Unit Trust**”). Hopkins (Cayman) Limited (“**Hopkins**”) as trustee of the Unit Trust owned all the issued ordinary shares of Henderson Development Limited (“**Henderson Development**”). Henderson Development was entitled to exercise or control the exercise of more than one-third of the voting power at general meetings of Henderson Land Development Company Limited (“**Henderson Land Development**”). Dr. Lee Ka-kit, as one of the discretionary beneficiaries of the discretionary trusts, is deemed under the SFO to be interested in 41.53% of the total number of issued shares in HKCG and 2,084,895,656 shares of the Company representing approximately 65.98% of the total number of issued shares of the Company.
2. Mr. Peter Wong Wai-yee had personal interest in 3,201,000 Shares, representing approximately 0.10% of the then total number of issued Shares. Further, as disclosed in the CT Announcement, Mr. Wong had entered into a Subscription Agreement with the Company on 18 March 2022 to subscribe for 1,800,000 Shares on and subject to the terms and conditions thereof. Mr. Wong is therefore deemed under the SFO to be interested in such 1,800,000 Shares, representing approximately 0.06% of the total number of issued Shares at the Latest Practicable Date.
3. Mr. John Ho Hon-ming had personal interest in 1,133,862 Shares, representing approximately 0.04% of the then total number of issued Shares. Further, as disclosed in the CT Announcement, Mr. Ho had entered into a subscription agreement with the Company on 18 March 2022 to subscribe for 900,000 Shares on and subject to the terms and conditions thereof. Mr. Ho is therefore deemed under the SFO to be interested in such 900,000 Shares, representing approximately 0.03% of the total number of issued Shares at the Latest Practicable Date.
4. As disclosed in the CT Announcement, Mr. Martin Kee Wai-ngai had entered into a Subscription Agreement with the Company on 18 March 2022 to subscribe for 900,000 Shares on and subject to the terms and conditions thereof. Mr. Kee is therefore deemed under the SFO to be interested in such 900,000 Shares, representing approximately 0.03% of the total number of issued Shares at the Latest Practicable Date.
5. As disclosed in the CT Announcement, Dr. John Qiu Jian-hang had entered into a Subscription Agreement with the Company on 18 March 2022 to subscribe for 1,350,000 Shares on and subject to the terms and conditions thereof. Dr. Qiu is therefore deemed under the SFO to be interested in such 1,350,000 Shares, representing approximately 0.04% of the total number of issued Shares at the Latest Practicable Date.
6. Hopkins owned all the issued ordinary shares which carry the voting rights in the share capital of Henderson Development as trustee of the Unit Trust. Rimmer and Riddick, as trustees of the respective discretionary trusts, held units in the Unit Trust. Dr. Lee Ka-kit as one of the discretionary beneficiaries of the discretionary trusts, was taken to have duties of disclosure in relation to these 7,748,692,715 shares by virtue of Part XV of the SFO.

7. Everwealth Investment A, L.P. is an exempted limited partnership and the number “USD2,237,452” in the column “Interest in shares – Personal Interest” refers to Mr. Alfred Chan Wing-kin’s capital commitment to the partnership as a limited partner.
8. Everwealth Investment A, L.P. is an exempted limited partnership and owns 66,409 ordinary shares of EcoCeres, Inc.. Since Mr. Alfred Chan Wing-kin’s capital commitment as limited partner to the partnership was more than one-third of the total capital contribution requirements to the partnership, Mr. Alfred Chan Wing-kin was taken to be interested in these 66,409 ordinary shares of EcoCeres, Inc. by virtue of Part XV of the SFO.

Save as stated above, as at the Latest Practicable Date, there were no other interests or short positions of the Directors and the chief executive in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### **3. DIRECTORS’ INTERESTS IN CONTRACTS AND ASSETS**

As at the Latest Practicable Date,

- (a) none of the Directors has entered or is proposing to enter into any service contract with any member of the Group which is not expiring or determinable by the Group within one year without payment of compensation, other than statutory compensation;
- (b) none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2021, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;
- (c) none of the Directors was materially interested in any contract or arrangement which is subsisting at the date of this circular and which is significant in relation to the business of the Group.

#### 4. COMMON DIRECTORS

The following is a list of the Directors who, as at the Latest Practicable Date, were also directors of the following company which has interests in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

| <b>Name of Common Directors</b> | <b>Name of Company</b>                             |
|---------------------------------|--|
| Dr. Lee Ka-kit                  | Henderson Land Development Company Limited<br>HKCG |
| Mr. Alfred Chan Wing-kin        | HKCG   |
| Mr. Peter Wong Wai-yee          | HKCG   |
| Mr. John Ho Hon-ming            | HKCG   |
| Dr. the Hon. Moses Cheng Mo-chi | HKCG   |

#### 5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective close associate was interested in any businesses (apart from the businesses of the Group), which competed or were likely to compete, either directly or indirectly, with the businesses of the Group.

#### 6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited financial statements of the Company were made up.

**7. EXPERT'S QUALIFICATION AND CONSENT**

The following are the qualifications of the expert who had given its opinions or advice contained in this circular:

| <b>Name</b>           | <b>Qualification</b>   |
|-----------------------|--|
| Altus Capital Limited | a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO |

As at the Latest Practicable Date, the Independent Financial Adviser did not have any shareholding, direct or indirect, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.

As at the Latest Practicable Date, the Independent Financial Adviser did not have any direct or indirect interest in any assets which had been, since 31 December 2021, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to, any member of the Group.

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 10 May 2022 and the references to such letter and its name included herein in the form and context in which they respectively appear.

**8. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the Subscription Agreements will be will be published on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.towngassmartenergy.com>) for a period of not less than 14 days before the date of the EGM and will also be available for inspection at the EGM.

---

## NOTICE OF EXTRAORDINARY GENERAL MEETING

---



# 港華智慧能源有限公司 Towngas Smart Energy Company Limited

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

**(Stock Code: 1083)**

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the extraordinary general meeting (the “EGM”) of TOWNGAS SMART ENERGY COMPANY LIMITED (the “Company”) will be held at 18th Floor, Harbour East, 218 Electric Road, North Point, Hong Kong on Thursday, 26 May 2022, at 12:30 p.m., for considering and, if thought fit, passing, with or without modifications, the following resolution as an ordinary resolution of the Company:

### ORDINARY RESOLUTION

“**THAT:**

- (a) the 10 subscription agreements all dated 18 March 2022 and entered into by the Company with each of the Subscribers (as defined in the circular of the Company dated 10 May 2022) (collectively the “**Subscription Agreements**”, copies of which have been produced to the meeting marked “A-1” to “A-10” and initialled by the chairman of the meeting for identification purposes) and all the transactions contemplated thereunder and in connection therewith be and are hereby approved, confirmed and ratified;
- (b) the allotment and issue of in aggregate 5,584,000 shares in the Company (the “**Subscription Shares**”) for cash at HK\$3.69 per share in accordance with the terms and conditions of the Subscription Agreements (the “**Share Issue**”) be and is hereby approved; and

---

## NOTICE OF EXTRAORDINARY GENERAL MEETING

---

- (c) any one director of the Company or any other person authorized by the board of directors of the Company from time to time or any two directors of the Company if the affixation of the common seal is necessary, be and is/are hereby authorized for and on behalf of the Company to sign, execute, perform and deliver all such other instruments, deeds, documents and agreements and do such acts or things and take all such steps as he or they may in his or their absolute discretion consider to be necessary, desirable, appropriate or expedient to implement and/or give effect to the Share Issue, the Subscription Agreements and/or the transactions contemplated thereunder or to be incidental to, ancillary to or in connection with the matters contemplated therein, including agreeing and making any modifications, amendments or variations to or waivers or extensions of the Subscription Agreements and/or the transactions contemplated thereunder as may be necessary or appropriate.”

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

Hong Kong, 10 May 2022

*Registered Office:*

P.O. Box 309  
Ugland House  
Grand Cayman  
KY1-1104  
Cayman Islands

*Head Office and Principal Place of  
Business in Hong Kong:*

23rd Floor  
363 Java Road  
North Point  
Hong Kong

*Notes:*

1. A member of the Company entitled to attend and vote at the EGM convened by the above notice is entitled to appoint one or more proxies to attend and vote instead of such member. A proxy need not be a member of the Company.
2. In view of the ongoing novel coronavirus disease (COVID-19) and recent requirements, if any, for prevention and control of its spread, the following precautionary measures will be implemented at the EGM:
  - Compulsory body temperature checks will be conducted for every attendee at the entrance of the EGM venue. Any person with a body temperature of over 37.4 degree Celsius may be denied entry into the EGM venue and be required to leave the EGM venue.
  - Every attendee will be required to wear a surgical face mask throughout the EGM and inside the meeting venue, and to sit at a distance from other attendees. Please note that no masks will be provided at the EGM venue and attendees should bring and wear their own masks.

---

## NOTICE OF EXTRAORDINARY GENERAL MEETING

---

- Each attendee is required to comply with the entry requirements of the EGM venue, including scanning of the “LeaveHomeSafe” venue QR code.
  - No refreshment will be served, and there will be no gift.
  - Each attendee may be asked whether (a) he/she travels outside of Hong Kong within the 14-day period immediately before the EGM; (b) he/she is subject to any Hong Kong Government prescribed quarantine; and (c) he/she has any flu-like symptoms or close contact with any person under quarantine or with recent travel history. Anyone who responds positively to any of these questions may be denied entry into the EGM venue and be required to leave the meeting venue.
3. The EGM will be a hybrid meeting. Registered shareholders may attend the EGM either (a) in person; or (b) online through a platform with the personalised login and access code provided by the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, by post. Registered shareholders attending the EGM through the online platform will be able to vote and submit questions online. For non-registered shareholders whose shares are held by banks, brokers, custodians or HKSCC Nominees Limited who wish to attend the EGM online, they should consult their banks, brokers, custodians or HKSCC Nominees Limited (as the case may be) for the necessary arrangements and the personalised login and access code will be sent to them upon receipt of request through the banks, brokers, custodians or HKSCC Nominees Limited.
- In view of the evolving COVID-19 pandemic situation in Hong Kong, the Company may implement further procedures and precautionary measures and change the EGM arrangements at short notice. Shareholders should visit the Company’s website at [www.towngassmartenergy.com](http://www.towngassmartenergy.com) for future announcements and updates on the EGM arrangements.
4. Completion and delivery of the form of proxy will not preclude a member of the Company from attending and voting at the meeting if the member so desires.
5. At the EGM, in compliance with Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the chairman of the meeting will exercise his power under article 76 of the articles of association of the Company to put the resolution set out in this notice of EGM to vote by way of poll.
6. In order to be valid, the form of proxy together with a power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority must be deposited with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 12:30 p.m. on Tuesday, 24 May 2022, or not less than 48 hours before the time appointed for holding of any adjourned meeting (as the case may be).
7. As at the date of this notice, the non-executive Directors are Dr. Lee Ka-kit (Chairman) and Mr. LIU Kai Lap Kenneth, the executive Directors are Mr. Alfred Chan Wing-kin, Mr. Peter Wong Wai-yee (Chief Executive Officer), Mr. John Ho Hon-ming (Company Secretary), Mr. Martin Kee Wai-ngai (Chief Operating Officer – Gas Business) and Dr. John Qiu Jian-hang (Chief Operating Officer – Renewable Business), and the independent non-executive Directors are Dr. the Hon. Moses Cheng Mo-chi, Mr. Brian David Li Man-bun, Mr. James Kwan Yuk-choi and Dr. Loh Kung Wai Christine.
8. To the extent that there are any inconsistencies between the English version and the Chinese version of this notice, the English version shall prevail.