

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.



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 TRANSACTION

ACQUISITION OF 55% EQUITY INTEREST IN CHANGZHOU TOWNGAS CHINA SMART ENERGY CO., LTD.*

On 19 December 2024, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Transfer Agreement to acquire from the Vendor its entire equity interest of 55% in the Target Company at the consideration of RMB57,136,930.

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

THE TRANSFER AGREEMENT

Summarised below are the principal terms of the Transfer Agreement:

Date

19 December 2024

Parties

- (1) The Vendor, a wholly-owned subsidiary of HKCG, as vendor; and
- (2) The Purchaser, a wholly-owned subsidiary of the Company, as purchaser.

Subject matter

The Vendor agreed to sell and the Purchaser agreed to purchase the entire 55% equity interest in the Target Company held by the Vendor. Such equity interest and all the rights, powers, interests and obligations associated therewith (including the obligation to contribute RMB9,179,500 towards the outstanding unpaid registered capital of the Target Company) shall be transferred to the Purchaser on the date of the Transfer Agreement. The Purchaser shall also inherit the Vendor's right to appoint two (one of whom is the chairman) out of the three directors of the Target Company.

Consideration and completion

The consideration of RMB57,136,930 is payable in cash by the Purchaser to the Vendor within 45 days after the date of the Transfer Agreement. After receipt of the consideration, the Vendor shall cooperate with the Purchaser and use its best endeavours to complete the necessary registrations, filings and notifications for the change of equity-holding in the Target Company as soon as practicable.

The consideration was determined after arm's length negotiations between the parties with reference to the unaudited consolidated net asset value of the Target Group of RMB103,885,328 as at 30 September 2024.

The consideration will be funded by the Group's internal resources.

Upon completion of the Acquisition, the Target Group will become non-wholly owned subsidiaries of the Company and their financial results will be consolidated into the financial statements of the Group.

INFORMATION ON THE TARGET COMPANY

The Target Company is a limited liability company established in the PRC and owned as to 55% by the Vendor and as to 45% by Towngas Changzhou. The Target Group is principally engaged in renewable energy projects (mainly photovoltaic projects) and integrated smart energy projects.

Under the articles of association of the Target Company, a transfer of equity interest by a shareholder (other than to its related parties or another shareholder) will be subject to the pre-emptive right of the other shareholder(s) to acquire such equity interest. Towngas Changzhou has waived its pre-emptive right in respect of the Acquisition.

The Target Company has a registered capital of RMB116,690,000, of which RMB55,000,000 has been contributed by the Vendor (being the original cost of acquisition of the registered capital of the Target Company to be transferred to the Purchaser) and RMB45,000,000 has been contributed by Towngas Changzhou. The unpaid registered capital of the Target Company will be contributed by the equity holders of the Target Company in proportion to their equity holdings according to the development needs of the Target Company at such times as agreed by all equity holders.

Set out below is certain consolidated financial information of the Target Group for the two financial years ended 31 December 2022 and 31 December 2023 and the 9 months ended 30 September 2024 and as at 31 December 2022, 31 December 2023 and 30 September 2024 (prepared in accordance with the China Accounting Standards for Business Enterprises).

	For the year ended 31 December 2022 RMB '000 (audited)	For the year ended 31 December 2023 RMB '000 (audited)	For the 9 months ended 30 September 2024 RMB '000 (unaudited)
Net (losses) / profits before taxation	(530)	3,220	1,650
Net (losses) / profits after taxation	(645)	2,948	1,378
	As at 31 December 2022 RMB '000 (audited)	As at 31 December 2023 RMB '000 (audited)	As at 30 September 2024 RMB '000 (unaudited)
Net assets	99,333	102,281	103,885

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Target Group is principally engaged in renewable energy projects (mainly photovoltaic projects) and integrated smart energy projects in Changzhou City and nearby areas. With State-owned indirect equity interest in the Target Company, the Target Group is well placed to roll out distributed photovoltaic systems on State-owned rooftops and in zero carbon industrial parks ahead of its competitors. The Target Company can leverage the Group's expertise in energy planning, project design, operation management and high-quality services to develop renewable and smart energy business in the Changzhou area.

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

INFORMATION ON THE VENDOR, THE PURCHASER, TOWNGAS CHANGZHOU, HKCG AND THE COMPANY

The Vendor is a company established in the PRC with limited liability and a wholly-owned subsidiary of HKCG. It is principally engaged in investment holding. The principal business activities of HKCG and its subsidiaries are the production, distribution and marketing of gas, water supply and emerging environmentally-friendly energy businesses in Hong Kong and the Chinese mainland. Henderson Land Development Company Limited ("**Henderson Land**"), which is a company listed on the Stock Exchange (Stock Code: 12), is a controlling shareholder of HKCG and through its various wholly-owned subsidiaries holds approximately 41.53% of the total issued shares of HKCG as at the date of this announcement. Henderson Land is an investment holding company and its subsidiaries are principally engaged in the businesses of property development and investment, construction, project management, property management, hotel operation, department store operation and investment holding. The shareholding information of Henderson Land is available on the Stock Exchange's website (<https://www.hkexnews.hk>).

The Purchaser is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in investment holding. The Company is an investment holding company and its subsidiaries are principally engaged in the sales of piped gas, renewable energy and other types of energy, construction of gas pipelines, the sales of gas appliances and related products, and other value-added services in the PRC.

Towngas Changzhou is owned by Changzhou Gas Heating (a company established in the PRC with limited liability and ultimately wholly owned by the Changzhou Municipal People's Government) and a wholly-owned subsidiary of HKCG as to 50% each. Towngas Changzhou is principally engaged in gas sales and related business.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Changzhou Gas Heating and its ultimate beneficial owner are third parties independent of the Company and the connected persons of the Company.

LISTING RULES IMPLICATIONS

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

As (i) Dr. the Hon. Lee Ka-kit, a Director, is deemed interested in approximately 41.53% of the total number of issued shares in HKCG, and (ii) Dr. the Hon. Lee Ka-kit, Mr. Peter Wong Wai-ye and Dr. the Hon. Moses Cheng Mo-chi, all being Directors, are also directors of HKCG, each of them has abstained from voting on the board resolutions to approve the Transfer Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the Directors has a material interest in the Transfer Agreement and the transactions contemplated thereunder.

DEFINITIONS

“Acquisition”	the acquisition of 55% equity interest in the Target Company by the Purchaser from the Vendor
“Changzhou Gas Heating”	Changzhou Gas Energy Group Co., Ltd.* (常州燃氣熱力集團有限公司), a company established in the PRC with limited liability and ultimately wholly owned by the Changzhou Municipal People's Government
“Company”	Towngas Smart Energy Company Limited (港華智慧能源有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1083)

“controlling shareholder”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HKCG”	The Hong Kong and China Gas Company Limited (香港中華煤氣有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 3)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	has the same meaning as ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes the Hong Kong Special Administrative Region, the Macao Special Administrative Region and Taiwan
“Purchaser”	Towngas China Energy Investment Limited* (港華能源投資有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Changzhou Towngas China Smart Energy Co., Ltd.* (常州港能投智慧能源有限公司), a company established in the PRC with limited liability
“Target Group”	the Target Company and its subsidiaries
“Towngas Changzhou”	Changzhou Hong Kong and China Gas Co., Ltd.* (常州港華燃氣有限公司), a company established in the PRC with limited liability
“Transfer Agreement”	the agreement for the Acquisition dated 19 December 2024 entered into between the Vendor and the Purchaser

“Vendor”

Hong Kong and China Integrated Power Investment (Shenzhen) Limited* (港華綜合電能投資（深圳）有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of HKCG

By Order of the Board of Directors

Elsa Wong Lai-kin

Company Secretary

Hong Kong, 19 December 2024

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

Non-Executive Directors:

LEE Ka-kit (*Chairman*)

Kenneth LIU Kai-lap

Independent Non-Executive Directors:

Moses CHENG Mo-chi

Brian David LI Man-bun

Christine LOH Kung-wai

Executive Directors:

Peter WONG Wai-yee (*Chief Executive Officer*)

Martin KEE Wai-ngai (*Chief Operating Officer – Gas Business*)

John QIU Jian-hang (*Chief Operating Officer – Renewable Business*)

** For identification purposes only*