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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1083)

ADOPTION OF SHARE AWARD SCHEME

The Board is pleased to announce that the Scheme was adopted on 17 August 2021 for the purposes of (a) recognising the contributions by certain Eligible Participants and providing them with incentives in order to retain them for the continual operation and development of the Group and (b) attracting suitable personnel for the further development of the Group and to contribute to the long-term growth of the Group.

The Scheme Committee may, from time to time, at its absolute discretion select any Eligible Participant (other than an Excluded Participant) to be a Selected Participant under the Scheme and determine the number of Award Shares to be granted and the vesting conditions of such Award Shares. The Scheme shall be subject to the administration of the Board, the Scheme Committee and the Trustee in accordance with the Scheme Rules and the Trust Deed.

The Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules and accordingly, no shareholders' approval of the Company is required to adopt the Scheme.

ADOPTION OF SHARE AWARD SCHEME

The Board is pleased to announce that the Scheme was adopted on 17 August 2021. A summary of the principal terms of the Scheme is set out below.

PURPOSES AND OBJECTIVE

The purposes of the Scheme are (a) to recognise the contributions by certain Eligible Participants and to provide them with incentives in order to retain them for the continual operation and development of the Group and (b) to attract suitable personnel for the further development of the Group and to contribute to the long-term growth of the Group.

ELIGIBLE PARTICIPANTS UNDER THE SCHEME

Eligible Participants shall include any director of the Company or any subsidiary of the Company or any Employee.

DURATION

Subject to any early termination of the Scheme in accordance with the Scheme Rules, the Scheme shall be valid and effective for a period of 10 years commencing from the Adoption Date.

ADMINISTRATION

The Scheme shall be subject to the administration of the Board, the Scheme Committee and the Trustee in accordance with the Scheme Rules and the Trust Deed. The decision of the Board or the Scheme Committee (as the case may be) with respect to any matter arising under the Scheme (including the interpretation of any provision of the Scheme Rules) shall be final, conclusive and binding on all parties. The Trustee shall hold the Trust Fund in accordance with the terms of the Trust Deed.

The Board and the Scheme Committee shall, in the course of administering the Scheme, comply with the articles of association of the Company as amended from time to time and all other applicable laws, rules and regulations (including without limitation those imposed by the Listing Rules and/or the SFO from time to time).

SCHEME LIMIT

There were 3,043,112,010 Shares in issue as at the Adoption Date. No Shares shall be purchased pursuant to the Scheme if as a result of such purchase, the number of Shares administered under the Scheme (including both Shares forming part of the Trust Fund and Shares which have been awarded to and vested in the Selected Participants) shall in aggregate exceed 5% of the total number of issued Shares from time to time. For the avoidance of doubt, no account shall be taken into the calculation of the limit of the Scheme of any Shares where the right to acquire such Shares has been released or lapsed in accordance with the relevant provisions of the Scheme Rules.

The maximum aggregate number of Shares held by the Trustee under the Trust at any time under the Scheme shall not exceed 2% of the total number of issued Shares from time to time.

During any 12-month period, the maximum number of Award Shares which may be granted to a Selected Participant under the Scheme (including Award Shares relevant to a lapsed Grant) shall not exceed 0.1% of the total number of issued Shares from time to time.

OPERATION OF THE SCHEME

Grant of Award Shares to Selected Participants

The Scheme Committee may, subject to the Scheme Rules, from time to time at its absolute discretion select any Eligible Participant (other than an Excluded Participant) to be a Selected Participant under the Scheme and determine the number of Award Shares to be granted to the Selected Participant, subject to such terms and conditions as it may in its absolute discretion determine (including, but not limited to, the fulfilment of any vesting condition(s)). The Award Shares are subject to acceptance by the Selected Participants.

All Grants made pursuant to the Scheme shall be subject to the prior approval of the Scheme Committee and where any Grant is proposed to be made to any Selected Participant who is a Director (including any independent non-executive Director), such Grant must also be subject to the prior approval of the Remuneration Committee of the Company. Further, any Grant proposed to be made to a Selected Participant who is a director of the Company or any subsidiary of the Company or other connected person of the Company must also first be approved by all the independent non-executive Directors but excluding any independent non-executive Director (i) who is the proposed Selected Participant or (ii) whom the proposed Selected Participant is his connected person.

Purchase of Shares by Trustee

The Scheme Committee may from time to time cause to be paid to the Trustee by way of settlement/contribution or otherwise such amount required for the completion of the purchase of the relevant number of Shares on the Stock Exchange out of funds from the Company or the Group and/or instruct that all or part of the relevant amount be paid out of the Trust Fund.

After the Selected Participants have confirmed their acceptance of the relevant Grants, the Scheme Committee shall notify the Trustee in writing of the number of Shares required to satisfy the Grants to be granted to the relevant Selected Participants. The Scheme Committee may from time to time instruct the Trustee in writing to purchase Shares on the Stock Exchange, and specify the maximum amount of Trust Funds to be applied and the price range at which the Shares are to be purchased. The Trustee shall apply such amount towards the purchase of Shares in board lots only on the Stock Exchange at the prevailing market price in accordance with the instructions in writing of the Scheme Committee, if any, as to the manner, timing and pricing of the purchase.

The Trustee shall hold such Award Shares in accordance with the terms of the Scheme Rules and the Trust Deed and shall transfer such Award Shares to the relevant Selected Participants after all the relevant vesting condition(s) are fulfilled.

Vesting of Award Shares

The Scheme Committee may, from time to time, at its absolute discretion determine the condition(s) with respect to the vesting of the Award Shares in the Selected Participants after having regard to all relevant circumstances and affairs of the Group including, without limitation, the performance standards to be met by the Selected Participants, the Group's operational and financial targets and other applicable standards.

The vesting of the Award Shares is subject to the Selected Participant remaining as an Eligible Participant at all times after the date of the Grant and on the Vesting Date. Subject to the terms and conditions of the Scheme and the fulfilment of all vesting condition(s) to the vesting of the Award Shares in such Selected Participant and upon confirmation by the Scheme Committee, the Award Shares held by the Trustee on behalf of the Selected Participant shall vest in such Selected Participant and the Trustee shall cause the Award Shares to be transferred to such Selected Participant as stated in the relevant Award Notice.

A Selected Participant shall not be entitled to any income (including but not limited to dividends and other distributions) derived from the Award Shares prior to the vesting of such Award Shares in such Selected Participant. Such income shall form and remain part of the Trust Fund and shall not be transferred to the Selected Participant when the Award Shares are transferred by the Trustee to such Selected Participant.

Non-transferable

Any Grant made pursuant to the Scheme shall be personal to the Selected Participant to whom it is made and shall not be assignable. No Selected Participant shall in any way sell or transfer the Award Shares to any other party or create any charge, mortgage or any other encumbrance or create or grant any interest or right in favour of any other party over or in relation to the Award Shares awarded pursuant to such Grant within 12 months from the Vesting Date of the relevant Award Shares.

Lapse of Award Shares

In the event that a Selected Participant ceases to be an Eligible Participant in accordance with the Scheme Rules on or before the Vesting Date, the Award Shares granted to such Selected Participant which have not vested shall automatically lapse forthwith and the relevant Award Shares shall not vest on the relevant Vesting Date but shall remain part of the Trust Fund.

Voting

The Trustee shall not exercise the voting rights in respect of any Shares held by it under the Trust.

No instructions may be given by any Selected Participant to the Trustee in respect of the Award Shares prior to the vesting of such Award Shares in that Selected Participant.

Restrictions

No Grant of Award Shares shall be made by the Company, no payment shall be made and no instruction shall be given by the Company to the Trustee to purchase Shares under the Scheme where a price sensitive matter in relation to the securities of the Company or Inside Information of the Company has occurred or been the subject of a decision or where dealings in the Shares are prohibited under any applicable laws, rules and regulations from time to time, including without limitation, the Listing Rules and/or the SFO. No such Grant is to be made to any Selected Participant:

- (a) after a price sensitive event in relation to the securities of the Company or event which constitutes Inside Information of the Company has occurred, or a price sensitive matter in relation to the securities of the Company or Inside Information of the Company has been the subject of a decision, until such price sensitive information and/or Inside Information has been made public, including by announcement in accordance with the Listing Rules and applicable laws;
- (b) during the period of 60 days immediately preceding the publication date of the annual results for any financial period of the Company or, if shorter, the period from the end of the relevant financial period up to and including the publication date of such results;

- (c) during the period of 30 days immediately preceding the publication date of the interim results for any financial period of the Company or, if shorter, the period from the end of the relevant interim period up to and including the publication date of such results; or
- (d) in any circumstances which are prohibited under the Listing Rules, the SFO and any other applicable laws, rules and regulations or where any requisite approval from any applicable government or regulatory authority has not been granted.

AMENDMENT AND TERMINATION

The Scheme may be amended in any respect by the Scheme Committee provided that no such amendment shall operate to affect adversely any rights of any Selected Participant which accrued prior to such amendment becoming effective, and provided that no such amendment or alteration to the Scheme which affects the Trustee's rights and obligations under the Trust Deed shall be made without the prior written consent of the Trustee (save as may be required to comply with the applicable laws, rules or regulations including without limitation the Listing Rules and/or the SFO).

The Scheme shall terminate (a) upon expiry of the period of 10 years commencing from the Adoption Date; or (b) on the date determined by the Board to terminate the Scheme pursuant to the Scheme Rules, whichever is the earlier. Any termination of the Scheme shall be without prejudice to any subsisting rights of any Selected Participant.

Upon termination of the Scheme, no further grant of Award Shares may be made under the Scheme. All the Award Shares of the Selected Participants granted under the Scheme shall continue to be held by the Trustee and be vested in the Selected Participants according to the vesting condition(s) and vesting schedule (if any) relating to the Grants.

Upon the expiration of the Trust Period, all Shares (except for any Award Shares subject to vesting in the Selected Participants) remaining in the Trust Fund (if any) shall (unless trading of the Shares on the Stock Exchange has been suspended indefinitely) be sold by the Trustee within 3 months (or such longer period as the Trustee and the Scheme Committee may otherwise agree) at the prevailing market price in accordance with the Scheme Rules and all net proceeds of sale (after deducting all relevant disposal costs, liabilities and expenses in connection with such sale properly incurred in accordance with the Trustee's powers as set out in the Trust Deed) together with such other funds and properties remaining in the Trust Fund shall be remitted to the Company as soon as practicable. For the avoidance of doubt, the Trustee may not transfer any Shares to the Company nor hold any interests in Shares whatsoever (other than its interests in the proceeds of sale of such Shares pursuant to the Trust Deed) upon termination of the Scheme.

IMPLICATIONS UNDER THE LISTING RULES

The Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules and accordingly, no shareholders' approval of the Company is required to adopt the Scheme.

Where any Award Shares are granted to a Selected Participant who is a connected person of the Company within the meaning of the Listing Rules, the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Adoption Date”	17 August 2021, being the date on which the Scheme was adopted by a resolution of the Board
“Award Notice”	a notice to be sent by the Company to the Selected Participants upon the making of a Grant under the Scheme containing the relevant information as specified in the Scheme Rules
“Award Share(s)”	in respect of a Selected Participant, such number of Shares as granted by the Scheme Committee pursuant to the Scheme
“Board”	the board of Directors
“Company”	Towngas China Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1083)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Eligible Participant(s)”	any individual being a director of the Company or any subsidiary of the Company or any Employee
“Employee(s)”	any employee(s) (including without limitation any directors) of any member of the Group
“Excluded Participant(s)”	any Eligible Participant who is resident in a place where the grant of the Award Shares and/or the vesting and transfer of the Award Shares pursuant to the terms of the Scheme is not permitted under the laws or regulations of such place or where in the view of the Scheme Committee compliance with such applicable laws or regulations would make it necessary or expedient to exclude such Eligible Participant from participating in the Scheme
“Grant”	a grant of Award Shares by the Scheme Committee to a Selected Participant under the Scheme
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Inside Information”	inside information as defined in Part XIVA of the SFO

“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Scheme”	the share award scheme of the Company adopted by the Board on the Adoption Date, as constituted by the Scheme Rules in its present or any amended form
“Scheme Committee”	a sub-committee of the Board delegated with the power and authority by the Board to operate, manage and administer the Scheme
“Scheme Rules”	the rules relating to the Scheme in its present or any amended form
“Selected Participant(s)”	any Eligible Participant(s) selected by the Scheme Committee pursuant to the terms of the Scheme and entitled to receive a Grant
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust”	the trust duly constituted by the Trust Deed to service the Scheme
“Trust Deed”	the trust deed constituting the Trust dated 17 August 2021 executed by the Company and the Trustee, as restated, supplemented and amended from time to time
“Trust Fund”	the funds and properties held under the Trust and managed by the Trustee for the benefit of the Selected Participants
“Trust Period”	the period beginning from the Adoption Date and ending upon the earlier of: <ul style="list-style-type: none"> (a) 16 August 2031, being the expiry of the period of 10 years commencing from the Adoption Date; and (b) such date of early termination as determined by the Board to terminate the Scheme pursuant to the Scheme Rules
“Trustee”	Tricor Trust (Hong Kong) Limited, who is independent of the Company and its connected persons, and any additional or replacement trustee(s) as shall be appointed pursuant to and in accordance with the terms of the Trust Deed, being the trustee (or trustees) for the time being of the Trust

“Vesting Date” in respect of a Selected Participant, the date on which his entitlement to the Awarded Shares is vested in such Selected Participant in accordance with the Scheme

“%” per cent.

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

Hong Kong, 17 August 2021

At the date of this announcement, the Board comprises:

Executive Directors:

Alfred Chan Wing-kin (*Chairman*)
Peter Wong Wai-yee (*Chief Executive Officer*)
John Ho Hon-ming (*Company Secretary*)
Martin Kee Wai-ngai (*Chief Operating Officer*)

Independent Non-Executive Directors:

Moses Cheng Mo-Chi
Brian David Li Man-bun
James Kwan Yuk-choi