

*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)

## **CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the announcement of the Company dated 17 March 2023 in respect of the Existing CCT Master Agreements between the Company and HKCG for certain transactions between members of the Group and members of the HKCG Group during the period from 17 March 2023 to 31 December 2023. As it is anticipated that members of the Group and members of the HKCG Group will continue to enter into similar transactions from time to time after expiry of the Existing CCT Master Agreements, on 12 December 2023 the Company and HKCG entered into:

- (i) the Master Gas and Smart Energy Related Agreement with respect to the Gas and Smart Energy Related Purchase Transactions and the Gas and Smart Energy Related Sale Transactions;
- (ii) the Master Engineering Works and Consultation Services Agreement with respect to the Engineering Works and Consultation Services Provision Transactions and the Engineering Works and Consultation Services Acquisition Transactions; and
- (iii) the Master Comprehensive Products and Services Agreement with respect to the Comprehensive Products and Services Purchase Transactions and the Comprehensive Products and Services Sale Transactions,

for a term of 3 years from 1 January 2024 to 31 December 2026.

As HKCG is a controlling shareholder of the Company, members of the HKCG Group are connected persons of the Company under the Listing Rules. The entering into of the CCT Master Agreements and the CCT Transactions contemplated thereunder therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Annual Cap Amount for each category of the CCT Transactions are more than 0.1% but all of them are less than 5%, each category of the CCT Transactions is subject to the reporting, announcement and annual review requirements but is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **THE CCT MASTER AGREEMENTS**

Reference is made to the announcement of the Company dated 17 March 2023 in respect of the Existing CCT Master Agreements between the Company and HKCG for certain transactions between members of the Group and members of the HKCG Group during the period from 17 March 2023 to 31 December 2023. As it is anticipated that members of the Group and members of the HKCG Group will continue to enter into similar transactions from time to time after expiry of the Existing CCT Master Agreements, on 12 December 2023 the Company and HKCG entered into the CCT Master Agreements.

Summarised below are the principal terms of the CCT Master Agreements, each of which being for a term of 3 years from 1 January 2024 to 31 December 2026, unless terminated earlier by agreement signed by the parties thereto.

### **The Master Gas and Smart Energy Related Agreement**

#### *Subject matter*

Members of the Group shall provide Fuel Gas, Energy and Smart Energy Services to members of the HKCG Group from time to time according to their needs. Members of the HKCG Group shall provide Fuel Gas and Energy and rent out LNG Storage Facilities to members of the Group from time to time according to their needs.

Each such transaction will be effected and governed by the terms of the relevant order or contract entered into between the relevant member of the Group and the relevant member of the HKCG Group from time to time.

## *Pricing basis*

### (a) Gas and Smart Energy Related Purchase Transactions

The terms of each Gas and Smart Energy Related Purchase Transaction (including the amount of consideration payable by the Group and the payment terms) shall be on normal commercial terms, negotiated on an arm's length basis and be on similar basis as the relevant member of the Group transacts business with other independent third party suppliers and shall be on terms which from the Group's perspective are no less favourable to the Group than those which the Group can obtain from other independent third party suppliers.

The relevant member of the Group will, before placing any purchase order or entering into any purchase contract with the HKCG Group, obtain pricing information from the open market and then shortlist at least two suppliers via tendering or other process (including requesting for fee quotations). It will then make evaluation taking into account the prevailing market price of the Fuel Gas and Energy and market rent for LNG Storage Facilities, transportation cost, production cost and other costs. Under normal circumstances, the relevant member of the Group will first consider the supplier with the lowest price but it will also take into consideration other non-price factors, such as the demand and supply of Fuel Gas, Energy and LNG Storage Facilities, as appropriate. If the demand exceeds supply, the delivery capability of the supplier will be the priority consideration for selection of supplier, but if the supply exceeds demand, the price factor will be the priority consideration. After reviewing and considering the above factors, the management of the relevant member of the Group will then decide on whether to place a purchase order or enter into a purchase contract with the relevant member of the HKCG Group or a third party supplier.

### (b) Gas and Smart Energy Related Sale Transactions

The terms of each Gas and Smart Energy Related Sale Transaction (including the amount of consideration payable by the HKCG Group and the payment terms) shall be on normal commercial terms, negotiated on an arm's length basis and be on similar basis as the relevant member of the Group transacts business with other independent third party customers and shall be on terms which are no more favourable than those which the Group offers to other independent third party customers.

The price of the Fuel Gas, Energy and Smart Energy Services to be sold by members of the Group to members of the HKCG Group shall be determined in accordance with the following principles:

- (i) for products and services that are subject to government-set prices, their selling price would be fixed and promulgated by the relevant government department (such as the price bureau); and
- (ii) for products and services that are not subject to government-set prices, the price would be determined based on a mark-up on the corresponding material, fuel and labour costs and with reference to the price of similar products in the market.

## **The Master Engineering Work and Consultation Services Agreement**

### *Subject matter*

Members of the Group shall provide Engineering Works and Consultation Provision Services to members of the HKCG Group from time to time according to their needs. Members of the HKCG Group shall provide Engineering Works and Consultation Acquisition Services to members of the Group from time to time according to their needs.

Each such transaction will be effected and governed by the terms of the relevant order or contract entered into between the relevant member of the Group and the relevant member of the HKCG Group from time to time.

### *Pricing basis*

#### (a) Engineering Works and Consultation Provision Services Transactions

The terms of each Engineering Works and Consultation Provision Services Transaction (including but not limited to the amount of service fees payable by the relevant member of the HKCG Group and the payment terms) shall be determined on a fair basis and on normal commercial terms, negotiated on an arm's length basis and be on similar basis as relevant member of the Group transacts business with other independent third party customers and shall be on terms which from the Group's perspective are no more favourable than those which the Group offers to other independent third party customers.

The service fees for the Engineering Work and Consultation Provision Services to be provided by members of the Group to members of the HKCG Group shall be determined with reference to the pricing basis and method promulgated by the relevant State or provincial or industry departments of the PRC. If the services are not subject to pricing basis and method promulgated by the relevant government body, the relevant member of the Group will make reference to the pricing of similar types of services in the market and then shortlist at least two service providers, and then make evaluation based on the scale, degree of difficulty, geographical location, duration of the project etc. After reviewing and considering the above factors, the management of the relevant member of the Group will then decide on whether to enter into a service contract with the relevant member of the HKCG Group.

The Group will regularly review the service fees chargeable by other service providers on services similar to the Engineering Work and Consultation Provision Services provided to the HKCG Group and compare them with the service fees which the relevant member of the Group charges for the Engineering Work and Consultation Provision Services before the approval of separate service contract(s) between members of the Group and members of the HKCG Group to ensure that the Engineering Work and Consultation Provision Services Transactions will be conducted in the interests of the Group.

(b) Engineering Works and Consultation Acquisition Services Transactions

The terms of each Engineering Works and Consultation Acquisition Services Transaction (including but not limited to the amount of service fees payable by the relevant member of the Group and the payment terms) shall be determined on a fair basis and on normal commercial terms, negotiated on an arm's length basis and be on similar basis as relevant member of the Group transacts business with other independent third party service providers and shall be on terms which from the Group's perspective are no more favourable than those which the Group offers to other independent third party service providers.

The relevant member of the Group will, before entering into any service contract with the relevant member of the HKCG Group, make reference to the pricing of similar types of services in the market and then shortlist at least two service providers. It will then make evaluation based on the scale, degree of difficulty, geographical location, duration of the project etc. After reviewing and considering the above factors, the management of the relevant member of the Group will then decide on whether to enter into a service contract with the relevant member of the HKCG Group.

## **The Master Comprehensive Products and Services Agreement**

### *Subject matter*

Members of the Group shall provide Comprehensive Sale Products and Services to members of the HKCG Group from time to time according to their needs. Members of the HKCG Group shall provide Comprehensive Purchase Products and Services to members of the Group from time to time according to their needs.

Each such transaction will be effected and governed by the terms of the relevant order or contract entered into between the relevant member of the Group and the relevant member of the HKCG Group from time to time.

### *Pricing basis*

#### (a) Comprehensive Products and Services Purchase Transactions

The terms of each Comprehensive Products and Services Purchase Transaction (including the amount of consideration payable by the Group and the payment terms) shall be on normal commercial terms, negotiated on an arm's length basis and be on similar basis as the relevant member of the Group transacts business with other independent third party suppliers and shall be on terms which from the Group's perspective are no less favourable to the Group than those which the Group can obtain from other independent third party suppliers.

The relevant member of the Group will, before placing any purchase order or entering into any purchase contract with the HKCG Group in relation to a Comprehensive Products and Services Purchase Transaction, obtain pricing information from the open market and then shortlist at least two suppliers via tendering or other process (including requesting for fee quotations).

The management of the relevant member of the Group will then consider and evaluate each such supplier's quotation, reputation, experience, delivery capability, service costs, historical performance (if applicable) and compare them with those of relevant member of the HKCG Group. Under normal circumstances, the relevant member of the Group will first consider the supplier with the lowest price but it will also take into consideration other non-price factors, such as the service quality of the supplier. After reviewing and considering the above factors, the management of the relevant member of the Group will then decide on whether to place a purchase order or enter into a purchase contract with the relevant member of the HKCG Group or a third party supplier.

#### (b) Comprehensive Products and Services Sale Transactions

The terms of each Comprehensive Products and Services Sale Transaction (including the amount of consideration payable by the HKCG Group and the payment terms) shall be on normal commercial terms, negotiated on an arm's length basis and be on similar basis as the relevant member of the Group transacts business with other independent third party purchasers and shall be on terms which from the Group's perspective are no less favourable to the Group than those which the Group offers to other independent third party purchasers.

Sales of products and services by members of the Group to members of the HKCG Group will be priced with reference to the materials and labour costs with a corresponding mark-up, taking into account the standards of similar products and services in the market. The Group will regularly review the market prices of the products and services sold and will make comparisons with similar products and services in the market before entering into any sales contracts with members of the HKCG Group to ensure that the Comprehensive Products and Services Sale Transactions are in the best interests of the Group.

## HISTORICAL FIGURES

The historical approximate amounts for the CCT Transactions were as follows:

	<b>For the year ended 31 December 2021</b>	<b>For the year ended 31 December 2022</b>	<b>For the 9 months ended 30 September 2023</b>
Gas and Smart Energy Related Purchase Transactions	RMB58,774,000 (approximately HK\$64,332,000)	RMB44,787,000 (approximately HK\$49,023,000)	RMB21,953,000 (approximately HK\$24,029,000)
Gas and Smart Energy Related Sale Transactions	RMB7,371,000 (approximately HK\$8,068,000)	RMB7,471,000 (approximately HK\$8,178,000)	RMB18,148,000 (approximately HK\$19,864,000)
Engineering Works and Consultation Acquisition Services Transactions	RMB16,950,000 (approximately HK\$18,553,000)	RMB16,140,000 (approximately HK\$17,666,000)	RMB15,330,000 (approximately HK\$16,780,000)
Engineering Works and Consultation Provision Services Transactions	RMB7,871,000 (approximately HK\$8,615,000)	RMB19,517,000 (approximately HK\$21,363,000)	RMB27,199,000 (approximately HK\$29,771,000)
Comprehensive Products and Services Purchase Transactions	RMB37,456,000 (approximately HK\$40,998,000)	RMB77,217,000 (approximately HK\$84,519,000)	RMB86,085,000 (approximately HK\$94,226,000)
Comprehensive Products and Services Sale Transactions	RMB452,000 (approximately HK\$495,000)	RMB4,390,000 (approximately HK\$4,805,000)	RMB15,426,000 (approximately HK\$16,885,000)

## ANNUAL CAP AMOUNTS AND BASIS FOR DETERMINING THE ANNUAL CAP AMOUNTS

It is expected that, the maximum aggregate amounts payable by the Group to the HKCG Group in connection with the Gas and Smart Energy Related Purchase Transactions, Engineering Works and Consultation Acquisition Services Transactions and Comprehensive Products and Services Purchase Transactions per annum and the maximum aggregate amounts receivable by the Group from the HKCG Group in connection with the Gas and Smart Energy Related Sale Transactions, Engineering Works and Consultation Provision Services Transactions and Comprehensive Products and Services Sale Transactions per annum will not exceed the amounts set out below:

	<b>For the year ending 31 December 2024</b>	<b>For the year ending 31 December 2025</b>	<b>For the year ending 31 December 2026</b>
<i>Maximum aggregate amounts payable by the Group to the HKCG Group</i>			
Gas and Smart Energy Related Purchase Transactions	RMB290,000,000 (approximately HK\$317,426,000)	RMB290,000,000 (approximately HK\$317,426,000)	RMB290,000,000 (approximately HK\$317,426,000)
Engineering Works and Consultation Acquisition Services Transactions	RMB41,000,000 (approximately HK\$44,877,000)	RMB41,000,000 (approximately HK\$44,877,000)	RMB41,000,000 (approximately HK\$44,877,000)
Comprehensive Products and Services Purchase Transactions	RMB303,000,000 (approximately HK\$331,655,000)	RMB272,000,000 (approximately HK\$297,723,000)	RMB258,000,000 (approximately HK\$282,399,000)
<i>Maximum aggregate amounts receivable by the Group from the HKCG Group</i>			
Gas and Smart Energy Related Sale Transactions	RMB190,000,000 (approximately HK\$207,968,000)	RMB190,000,000 (approximately HK\$207,968,000)	RMB190,000,000 (approximately HK\$207,968,000)
Engineering Works and Consultation Provision Services Transactions	RMB136,000,000 (approximately HK\$148,862,000)	RMB142,000,000 (approximately HK\$155,429,000)	RMB142,000,000 (approximately HK\$155,429,000)
Comprehensive Products and Services Sale Transactions	RMB92,000,000 (approximately HK\$100,701,000)	RMB53,000,000 (approximately HK\$58,012,000)	RMB35,000,000 (approximately HK\$38,310,000)



The Annual Cap Amounts in respect of:

- (a) the Gas and Smart Energy Related Purchase Transactions were arrived at with reference to the historical figures and the estimated demand for the Gas and Smart Energy Related Purchase Transactions, the estimated volume of Fuel Gas which the HKCG Group is able to supply, the gas sources that can be provided by other independent suppliers and related tariffs and seasonal factors affecting the demand and supply of Fuel Gas and Energy. In 2023, the HKCG Group and the Group established a gas sourcing segment to centralise and coordinate the sourcing of gas for the Fuel Gas enterprises within the HKCG Group and the Group. As the upstream supply can no longer meet the Group's growing demand, purchasing Fuel Gas from the HKCG Group can increase gas supply through multiple channels and enhance synergy through interconnection of pipeline networks;
- (b) the Gas and Smart Energy Related Sale Transactions were arrived at with reference to the historical figures and the estimated demand for the Gas and Smart Energy Related Sale Transactions, the anticipated distribution of high-quality gas sources in the southwest region to members of the HKCG Group through China Oil and Gas Pipeline Network Corporation as a result of the centralisation of the gas sourcing segment for the purposes of achieving peak shaving of gas sources in the winter season, the development plan of the Group in meeting national carbon peak and carbon neutrality targets, the estimated volume of Fuel Gas, Energy and Smart Energy Services which the Group is able to supply, the Fuel Gas, Energy and Smart Energy Services that can be provided by other independent suppliers and related tariffs and seasonal factors affecting the demand and supply of Fuel Gas, Energy and Smart Energy Services;
- (c) the Engineering Works and Consultation Provision Services Transactions were arrived at with reference to historical figures for such transactions, the anticipated provision of Engineering Works and Consultation Provision Services to an increasing number of members of the HKCG Group as a result of the expansion of the businesses of the Group, the estimated demand for the Engineering Works and Consultation Provision Services and the service fees charged by other independent service providers of the Engineering Works and Consultation Provision Services;
- (d) the Engineering Works and Consultation Acquisition Services Transactions were arrived at with reference to the historical figures, the expanded scale and operations of the businesses of the Group, the anticipated growth and development of such businesses and the estimated demand for the Engineering Works and Consultation Acquisition Services Transactions, as well as the estimated market share of the relevant member of the Group, and the relevant service fees chargeable by other independent service providers for similar services;

- (e) the Comprehensive Products and Services Purchase Transactions were arrived at with reference to (i) the historical figures for the Healthy and Lifestyle Products and Services, the expanded scale and operations of the businesses of the Group, the anticipated growth and development of such businesses and the estimated demand for the Healthy and Lifestyle Products and Services, and prices of similar products that can be sourced from other independent suppliers, (ii) the HKCG Group is vigorously promoting the development of extended businesses and integrating internal resources to strengthen the supply chain and customer service channels. Purchasing Comprehensive Purchase Products and Services from the HKCG Group can enhance synergy and establish more procurement channels for the Group, and (iii) the historical figures for the IT Related Products and Services within the Group and the progress of the development and introduction of new information technology products; and
- (f) the Comprehensive Products and Services Sale Transactions were arrived at with reference to the historical figures, the synergies under the expanded businesses of the Group, the expansion of various sales channels by sales through the HKCG Group, the estimated demand for the Comprehensive Products and Services Sale Transactions, and prices of similar products and services that can be sourced by the HKCG Group from other independent suppliers.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE CCT TRANSACTIONS**

The Gas and Smart Energy Related Purchase Transactions will enable the Group to secure steady and continuous gas supplies to advance its market development plan, to ensure a steady provision of gas to the Group's customers, to optimise the Group's purchasing costs, and, therefore enhance the gross profit of the Group. Furthermore, they will meet the needs of the relevant members of the Group for LNG Storage Facilities, and assist such members to prepare for the increased demand for natural gas during the winter season.

The Gas and Smart Energy Related Sale Transactions will supplement gas supply of the HKCG Group and assist the HKCG Group in building a group level carbon emission management system, thereby strengthening the synergies of the Group and the HKCG Group.

The Engineering Works and Consultation Provision Services Transactions will enable the Group to accelerate the accumulation of relevant experience, thereby enhancing the Group's efficiency in construction management and at the same time allowing the Group to develop the Engineering Works and Consultation Provision Services market in the PRC, which will increase the Group's revenue in the provision of Engineering Works and Consultation Provision Services, enhance return on investment and boost the development of the Group.

The Engineering Works and Consultation Acquisition Services Transactions will ensure that the construction work of the Group's projects complies with the pipeline construction regulations of the Group and other applicable laws and regulations of the PRC. It also provides assurance as to the quality and safety of such construction work and enables the Group to control its project cost.

Regarding the Comprehensive Products and Services Purchase Transactions, (i) the purchase of the Healthy and Lifestyle Products and Services will enable the Group to maintain a steady supply of high-quality healthy living products in order to satisfy the needs of customers of members of the Group, to optimise the Group's purchasing costs so that products can be sold to customers at preferential prices, and to increase the revenue of the Group; and (ii) the purchase of the IT Related Products and Services will increase the application of information system by the relevant members of the Group, thereby enhancing both their quality of customer services and operations management standards, while lowering the Group's costs for such information system services.

The Comprehensive Products and Services Sale Transactions will enable the Group to provide better quality and more diversified home safety services.

The Directors (including the independent non-executive Directors) consider that the CCT Transactions are and will continue to be conducted in the ordinary and usual course of business of the Group, the terms of the CCT Master Agreements and the CCT Transactions contemplated thereunder are on normal commercial terms, and such terms and the Annual Cap Amounts are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

## **INFORMATION ON THE HKCG GROUP AND THE GROUP**

HKCG and its subsidiaries are principally engaged in the production, distribution and marketing of gas, water supply and emerging environmentally-friendly energy businesses in Hong Kong and the PRC. 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 Company is an investment holding company and the principal business 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.

## LISTING RULES IMPLICATIONS

As HKCG is a controlling shareholder of the Company which holds through its wholly-owned subsidiaries approximately 67.24% of the issued shares of the Company, members of the HKCG Group are connected persons of the Company under the Listing Rules. The entering into of the CCT Master Agreements and the CCT Transactions contemplated thereunder therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Annual Cap Amount for each category of the CCT Transactions are more than 0.1% but all of them are less than 5%, each category of the CCT Transactions is subject to the reporting, announcement and annual review requirements but is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As (i) Dr. Lee Ka-kit, a Director, is deemed interested in approximately 41.53% of the total number of issued shares in HKCG, and (ii) Dr. Lee Ka-kit, Mr. Peter Wong Wai-ye, Mr. John Ho Hon-ming 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 CCT Master Agreements and the CCT Transactions contemplated thereunder and the Annual Cap Amounts. Save as disclosed above, none of the Directors has a material interest in the CCT Master Agreements and the transactions contemplated thereunder.

## DEFINITIONS

<b>“Annual Cap Amount”</b>	in relation to each category of CCT Transactions, the annual cap on the maximum aggregate amount payable or receivable (as the case may be) set out in the section headed <b>“ANNUAL CAP AMOUNTS AND BASIS FOR DETERMINING THE ANNUAL CAP AMOUNTS”</b> of this announcement
<b>“CCT Master Agreements”</b>	the Master Gas and Smart Energy Related Agreement, the Master Engineering Works and Consultation Services Agreement and the Master Comprehensive Products and Services Agreement
<b>“CCT Transactions”</b>	the Gas and Smart Energy Related Purchase Transactions, the Gas and Smart Energy Related Sale Transactions, the Engineering Works and Consultation Provision Services Transactions, the Engineering Works and Consultation Acquisition Services Transactions, the Comprehensive Products and Services Purchase Transactions and the Comprehensive Products and Services Sale Transactions

<b>“Company”</b>	Towngas Smart Energy 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)
<b>“Comprehensive Products and Services Purchase Transaction”</b>	the purchase of Comprehensive Purchase Products and Services by members of the Group from members of the HKCG Group
<b>“Comprehensive Products and Services Sale Transaction”</b>	the purchase of Comprehensive Sale Products and Services by members of the HKCG Group from members of the Group
<b>“Comprehensive Purchase Products and Services”</b>	Healthy and Lifestyle Products and Services and IT Related Products and Services
<b>“Comprehensive Sale Products and Services”</b>	maintenance services, rapid leak detection services, promotion and marketing consulting services and household related services
<b>“Director(s)”</b>	director(s) of the Company
<b>“Energy”</b>	energy related products, including but not limited to electricity, steam, heating, cooling and hot water which are generated through the use of energy efficient technology to capture residual heat
<b>“Engineering Works and Consultation Provision Services”</b>	engineering work and consultation services, including but not limited to non-excavation engineering work services, pipeline positioning measurement services, bidding agency services, cost consultation services, sale of innovative tools, urban pipeline engineering services, water supply, drainage and heating engineering work services, technical consultation services for engineering projects and pipeline inspection services
<b>“Engineering Works and Consultation Provision Services Transaction”</b>	the provision of Engineering Works and Consultation Provision Services by members of the Group to members of the HKCG Group
<b>“Engineering Works and Consultation Acquisition Services”</b>	engineering work and consultation services in relation to gas pipelines and corollary equipment installation, construction of municipal building projects, and project management services (including the provision of project management services for the gas facilities projects and construction and installation projects invested or managed by members of the Group)

<b>“Engineering Works and Consultation Acquisition Services Transaction”</b>	the provision of Engineering Works and Consultation Acquisition Services by members of the HKCG Group to members of the Group
<b>“Existing CCT Master Agreements”</b>	the 3 agreements dated 17 March 2023 entered into between the Company and HKCG relating to transactions of a similar nature to the CCT Transactions, particulars of which are set out in the announcement of the Company dated 17 March 2023
<b>“Fuel Gas”</b>	various types of fuel gas, including but not limited to liquefied coalbed methane, compressed natural gas and liquefied natural gas
<b>“Gas and Smart Energy Related Purchase Transaction”</b>	the purchase of Fuel Gas and Energy and renting of LNG Storage Facilities by members of the Group from members of the HKCG Group
<b>“Gas and Smart Energy Related Sale Transaction”</b>	the purchase of Fuel Gas, Energy and Smart Energy Services by members of the HKCG Group from members of the Group
<b>“Group”</b>	the Company and its subsidiaries
<b>“Healthy and Lifestyle Products and Services”</b>	flour, edible oils, tea leaves, chili sauce, rice, wine, ginger, other quality agricultural products, quality healthy food, household products, gas stoves, quality gas safety products (such as gas alarms) and quality home gas safety inspection services
<b>“HKCG”</b>	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)
<b>“HKCG Group”</b>	HKCG and its subsidiaries and associates (as defined under the Listing Rules), excluding the Group
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China

<b>“IT Related Products and Services”</b>	user authorisation, installation, management, maintenance and the provision of technical supporting services relating to, among others, system software (including but not limited to Towngas Customer Information System (燃氣客戶資訊管理系統), Geographic Information System (燃氣地理信息系統), Supervisory Control and Data Acquisition System (燃氣管網監控及數據採集系統), Mobility Meter Reading Application (移動抄表應用系統), Mobility Regular Safety Inspection Application (移動安檢應用系統) and Mobility Maintenance Service Application (移動維修應用系統)) and cloud computing hardware system which manages, operates and monitors network infrastructure of information system
<b>“Listing Rules”</b>	Rules Governing the Listing of Securities on the Stock Exchange
<b>“LNG Storage Facilities”</b>	liquefied natural gas storage facilities
<b>“Master Comprehensive Products and Services Agreement”</b>	the agreement dated 12 December 2023 entered into between the Company and HKCG relating to the Comprehensive Products and Services Purchase Transactions and the Comprehensive Products and Services Sale Transactions
<b>“Master Engineering Works and Consultation Services Agreement”</b>	the agreement dated 12 December 2023 entered into between the Company and HKCG relating to the Engineering Works and Consultation Provision Services Transactions and the Engineering Works and Consultation Acquisition Services Transactions
<b>“Master Gas and Smart Energy Related Agreement”</b>	the agreement dated 12 December 2023 entered into between the Company and HKCG relating to the Gas and Smart Energy Related Purchase Transactions and the Gas and Smart Energy Related Sale Transactions
<b>“PRC”</b>	People’s Republic of China which, for the purpose of this announcement excludes Hong Kong, the Macao Special Administrative Region and Taiwan
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC
<b>“Smart Energy Services”</b>	various forms of smart energy services, including but not limited to carbon inventory, carbon verification, carbon peak research, carbon neutrality route planning and carbon neutrality routing

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

By Order of the Board of Directors

**John Ho Hon-ming**

*Executive Director and Company Secretary*

Hong Kong, 12 December 2023

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

*Non-Executive Directors:*

LEE Ka-kit (*Chairman*)

LIU Kai Lap Kenneth

*Independent Non-Executive Directors:*

Moses CHENG Mo-chi

Brian David LI Man-bun

James KWAN Yuk-choi

LOH Kung Wai Christine

*Executive Directors:*

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

John HO Hon-ming (*Company Secretary*)

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

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

*In this announcement, RMB has been converted to HK\$ at the rate of RMB0.9136 = HK\$1 for illustration purpose only. No representation is made that any amounts in RMB or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.*