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

(Stock Code: 1083)

## **CONTINUING CONNECTED TRANSACTIONS**

The Board would like to announce that on 6 December 2019:

- (i) the Company entered into the Master Project Management Agreement with Shenyang Sanquan pursuant to which Shenyang Sanquan shall from time to time provide Project Management Services to members of the Group according to their needs, and the relevant member of the Group shall pay to Shenyang Sanquan relevant service fees in connection therewith;
- (ii) the Company entered into the Master System Software, Cloud Computing System and Safety Inspection Supporting Services Agreement with S-Tech (Wuhan) pursuant to which S-Tech (Wuhan) shall from time to time provide System Software, Cloud Computing System and Safety Inspection Supporting Services to members of the Group according to their needs, and the relevant member of the Group shall pay to S-Tech (Wuhan) relevant fees in connection therewith;
- (iii) the Company entered into the Master Sale of Distributed Energy Agreement with HKCG pursuant to which members of the Group shall from time to time sell Distributed Energy to members of the HKCG Group according to their needs, and the relevant member of the HKCG Group shall pay to the relevant member of the Group relevant fees in connection therewith; and
- (iv) U-Tech (Guang Dong), a wholly-owned subsidiary of the Company, entered into the Master Engineering Work Services Agreement with HKCG pursuant to which U-Tech (Guang Dong) shall from time to time provide Engineering Work Services to members of the HKCG Group according to their needs, and the relevant member of the HKCG Group shall pay to U-Tech (Guang Dong) relevant service fees in connection therewith.

As HKCG is a controlling shareholder of the Company, and Shenyang Sanquan and S-Tech (Wuhan) are subsidiaries of HKCG, each of HKCG, Shenyang Sanquan and S-Tech (Wuhan) is a connected person of the Company under the Listing Rules. The entering into of the CCT Master Agreements and the CCT Transactions contemplated thereunder, which are all to be carried out in the ordinary and usual course of business of the Group and are expected to continue and extend over a period of time, will therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the Annual Cap Amounts for each of the CCT Transactions exceed HK\$3,000,000 but some of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Annual Cap Amounts under each of the CCT Transactions are more than 0.1% but less than 5%, each of the CCT Transactions is only subject to the reporting, announcement and annual review requirements but is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **THE MASTER PROJECT MANAGEMENT AGREEMENT**

The Group is in the business of, inter alia, the sale and distribution of piped gas in the PRC and the Group will from time to time construct gas facilities for the purpose of transporting gas. In this connection, members of the Group had from time to time entered into Project Management Transactions with Shenyang Sanquan pursuant to the 2016 Master Project Management Agreement, which will expire on 31 December 2019. Although the demand for the Project Management Services would depend on the business requirements of the Group, it is envisaged that members of the Group will from time to time in their ordinary and usual course of business continue to enter into Project Management Transactions after the expiration of the 2016 Master Project Management Agreement. The Company had therefore on 6 December 2019 entered into the Master Project Management Agreement with Shenyang Sanquan to set out the principal terms and conditions governing the Project Management Transactions. Set out below are the principal terms of the Master Project Management Agreement:

### **Date:**

6 December 2019

### **Parties:**

The Company and Shenyang Sanquan, a non wholly-owned subsidiary of HKCG

### **Subject Matter:**

Pursuant to the Master Project Management Agreement, Shenyang Sanquan shall from time to time provide Project Management Services to members of the Group according to their needs, and the relevant member of the Group shall pay to Shenyang Sanquan relevant service fees in connection with the provision of the Project Management Services. Each Project Management Transaction will be effected and governed by terms of the relevant service contract to be entered into between the relevant member of the Group and Shenyang Sanquan.

**Duration:**

The Master Project Management Agreement shall be for a term commencing from 1 January 2020 to 31 December 2022 (both days inclusive) unless terminated by either party to the Master Project Management Agreement by not less than one month's written notice.

**Pricing Basis and Other Terms:**

Pursuant to the Master Project Management Agreement, the terms of each Project Management 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 the 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 less favourable to the Group than those which the Group could obtain from other independent third party service providers.

The relevant member of the Group will, before entering into any service contracts with Shenyang Sanquan, 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 Shenyang Sanquan.

**THE MASTER SYSTEM SOFTWARE, CLOUD COMPUTING SYSTEM AND SAFETY INSPECTION SUPPORTING SERVICES AGREEMENT**

Members of the Group had from time to time need to install and use the System Software and the Cloud Computing System in connection with their business operations and had from time to time engaged Zhuhai S-Tech to provide System Software, Cloud Computing System and Safety Inspection Supporting Services pursuant to the 2016 Master System Software, Cloud Computing System and Safety Inspection Supporting Services Agreement, which will expire on 31 December 2019. In addition, members of the Group had also on various occasions during 1 January 2017 to present engaged S-Tech (Wuhan) to provide System Software, Cloud Computing System and Safety Inspection Supporting Services, but the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the aggregate service fee per annum paid to S-Tech (Wuhan) in respect of such services are less than 0.1%.

Although the demand for the System Software, Cloud Computing System and Safety Inspection Supporting Services would depend on the business requirements of the Group, it is envisaged that members of the Group will from time to time in their ordinary and usual course of business continue to enter into transactions for obtaining the System Software, Cloud Computing System and Safety Inspection Supporting Services after the expiration of the term of the 2016 Master System Software, Cloud Computing System and Safety Inspection Supporting Services Agreement. As it is intended that only S-Tech (Wuhan) and not Zhuhai S-Tech will be engaged in future to provide the System Software, Cloud Computing System and Safety Inspection Supporting Services, the Company had therefore on 6 December 2019 entered into the Master System Software, Cloud Computing System and Safety Inspection Supporting Services Agreement with S-Tech (Wuhan) to set out the principal terms and conditions governing the System Software, Cloud Computing System and Safety Inspection Supporting Services Transactions. Set out below are the principal terms of the Master System Software, Cloud Computing System and Safety Inspection Supporting Services Agreement:

**Date:**

6 December 2019

**Parties:**

The Company and S-Tech (Wuhan), a wholly-owned subsidiary of HKCG

**Subject Matter:**

Pursuant to the Master System Software, Cloud Computing System and Safety Inspection Supporting Services Agreement, S-Tech (Wuhan) shall from time to time provide System Software, Cloud Computing System and Safety Inspection Supporting Services to members of the Group according to their needs, and the relevant member of the Group shall pay to S-Tech (Wuhan) relevant fees in connection with the System Software, Cloud Computing System and Safety Inspection Supporting Services. Each System Software, Cloud Computing System and Safety Inspection Supporting Services Transaction will be effected and governed by terms of the relevant contract to be entered into between the relevant member of the Group and S-Tech (Wuhan).

**Duration:**

The Master System Software, Cloud Computing System and Safety Inspection Supporting Services Agreement shall be for a term commencing from 1 January 2020 to 31 December 2022 (both days inclusive) unless terminated by either party to the Master System Software, Cloud Computing System and Safety Inspection Supporting Services Agreement by not less than one month's written notice.

**Pricing Basis and Other Terms:**

Pursuant to the Master System Software, Cloud Computing System and Safety Inspection Supporting Services Agreement, the terms of each System Software, Cloud Computing System and Safety Inspection Supporting Services Transaction (including but not limited to the amount of 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 strictly in accordance with relevant laws and regulations of the PRC and commercial transaction management and monitoring procedures of the Group, and shall be on terms which from the Group's perspective are no less favourable to the Group than those which the Group could obtain from other independent third party service providers.

The relevant member of the Group will, before entering into any contracts with S-Tech (Wuhan), make reference to the pricing of similar types of products and services in the market and then shortlist at least two service providers. It will then make evaluation based on the relevant laws and regulations of the PRC, commercial transaction management and monitoring procedures of the Group and the favourable terms offered to the Group by S-Tech (Wuhan). 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 contract with S-Tech (Wuhan).

## **THE MASTER SALE OF DISTRIBUTED ENERGY AGREEMENT**

The Group is in the business of, inter alia, distributed energy projects in the PRC under which energy efficient technology is used to generate electricity and capture residual heat to provide steam, heating, cooling and hot water, and it is envisaged that members of the HKCG Group may from time to time in accordance with their needs purchase Distributed Energy from members of the Group. Whilst the occurrence of the Sale of Distributed Energy Transactions will depend on the business requirements of the HKCG Group, it is envisaged that members of the Group will from time to time in their ordinary and usual course of business enter into Sale of Distributed Energy Transactions with members of the HKCG Group. The Company had therefore on 6 December 2019 entered into the Master Sale of Distributed Energy Agreement with HKCG to set out the principal terms and conditions governing the Sale of Distributed Energy Transactions. Set out below are the principal terms of the Master Sale of Distributed Energy Agreement:

### **Date:**

6 December 2019

### **Parties:**

The Company and HKCG

### **Subject Matter:**

Pursuant to the Master Sale of Distributed Energy Agreement, members of the Group shall from time to time sell Distributed Energy to members of the HKCG Group according to their needs, and the relevant member of the HKCG Group shall pay to the relevant member of the Group relevant fees in connection with the sale of Distributed Energy. Each Sale of Distributed Energy Transaction will be effected and governed by terms of the relevant sales contract to be entered into between the relevant member of the HKCG Group and the relevant member of the Group.

### **Duration:**

The Master Sale of Distributed Energy Agreement shall be for a term commencing from 1 January 2020 to 31 December 2022 (both days inclusive) unless terminated by either party to the Master Sale of Distributed Energy Agreement by not less than one month's written notice.

### **Pricing Basis and Other Terms:**

Pursuant to the Master Sale of Distributed Energy Agreement, the terms of each Sale of Distributed Energy Transaction (including but not limited to the amount of 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 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 Distributed Energy to be sold by members of the Group to members of the HKCG Group shall be determined in accordance with the following principles:

- (a) for products that are subject to government-set prices (such as electricity and heating etc.), their selling price would be fixed and promulgated by the relevant government department (such as the price bureau); and
- (b) for products that are not subject to government-set prices (such as the supply of steam etc.), 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 Group will regularly review the market price of Distributed Energy and compare the Group's selling price of the Distributed Energy with similar energy products on the market before the approval of separate sales contract(s) between members of the Group and members of the HKCG Group to ensure that the Sale of Distributed Energy Transactions will be conducted in the interest of the Group.

## **THE MASTER ENGINEERING WORK SERVICES AGREEMENT**

U-Tech (Guang Dong), a wholly-owned subsidiary of the Company, is in the business of urban pipeline engineering services, non-excavation engineering work services, water supply, drainage and heating engineering work services, urban pipeline inspection services and pipeline positioning measurement services, technical consultation services for engineering projects, project management services, bidding agency services, cost consultation services for customers, and sale of mechanical equipment and tools for urban engineering work, and it is envisaged that members of the HKCG Group may from time to time engage U-Tech (Guang Dong) to provide Engineering Work Services. Whilst the occurrence of the Engineering Work Services Transactions will depend on the business requirements of the HKCG Group, it is envisaged that U-Tech (Guang Dong) will from time to time in its ordinary and usual course of business enter into Engineering Work Services Transactions with members of the HKCG Group. U-Tech (Guang Dong) had therefore on 6 December 2019 entered into the Master Engineering Work Services Agreement with HKCG to set out the principal terms and conditions governing the Engineering Work Services Transactions. Set out below are the principal terms of the Master Engineering Work Services Agreement:

### **Date:**

6 December 2019

### **Parties:**

U-Tech (Guang Dong), a wholly-owned subsidiary of the Company and HKCG

### **Subject Matter:**

Pursuant to the Master Engineering Work Services Agreement, U-Tech (Guang Dong) shall from time to time provide Engineering Work Services to members of the HKCG Group according to their needs, and the relevant member of the HKCG Group shall pay to U-Tech (Guang Dong) relevant service fees in connection with the provision of the Engineering Work Services. Each Engineering Work Services Transaction will be effected and governed by terms of the relevant service contract to be entered into between the relevant member of the HKCG Group and U-Tech (Guang Dong).

**Duration:**

The Master Engineering Work Services Agreement shall be for a term commencing from 1 January 2020 to 31 December 2022 (both days inclusive) unless terminated by either party to the Master Engineering Work Services Agreement by not less than one month's written notice.

**Pricing Basis and Other Terms:**

Pursuant to the Master Engineering Work Services Agreement, the terms of each Engineering Work 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 U-Tech (Guang Dong) transacts business with other independent third party customers and shall be on terms which are no more favourable than those which U-Tech (Guang Dong) offers to other independent third party customers.

The service fees for the Engineering Work Services to be provided by U-Tech (Guang Dong) to members of the HKCG Group shall be determined with reference to the pricing basis and method promulgated by the relevant national or provincial or industry departments of the PRC.

U-Tech (Guang Dong) will regularly review the service fees chargeable by other service providers on services similar to the Engineering Work Services and compare them with the service fees which U-Tech (Guang Dong) charges for the Engineering Work Services before the approval of separate service contract(s) between U-Tech (Guang Dong) and members of the HKCG Group to ensure that the Engineering Work Services Transactions will be conducted in the interest of the Group.

**HISTORICAL FIGURES**

The aggregate approximate amounts paid by the Group to Shenyang Sanquan in connection with the Project Management Services and to Zhuhai S-Tech and S-Tech (Wuhan) in connection with the System Software, Cloud Computing System and Safety Inspection Supporting Services for the years ended 31 December 2017 and 2018 and for the 9 months ended 30 September 2019 were as follows:

	<b>For the year ended 31 December 2017</b>	<b>For the year ended 31 December 2018</b>	<b>For the 9 months ended 30 September 2019</b>
To Shenyang Sanquan in connection with the Project Management Services	RMB6,790,000 (approximately HK\$7,724,000)	RMB6,131,000 (approximately HK\$6,974,000)	RMB4,468,000 (approximately HK\$5,082,000)
To Zhuhai S-Tech and S-Tech (Wuhan) in connection with the System Software, Cloud Computing System and Safety Inspection Supporting Services	RMB7,388,000 (approximately HK\$8,404,000)	RMB9,203,000 (approximately HK\$10,469,000)	RMB6,288,000 (approximately HK\$7,153,000)

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

It is expected that, under the CCT Transactions, the maximum aggregate fees payable by the Group to Shenyang Sanquan and S-Tech (Wuhan) respectively, and the maximum aggregate fees payable by the HKCG Group to the Group per annum will not exceed the amounts set out below (“Annual Cap Amounts”):

	<b>For the year ending 31 December 2020</b>	<b>For the year ending 31 December 2021</b>	<b>For the year ending 31 December 2022</b>
Project Management Transactions	RMB12,000,000 (approximately HK\$13,650,000)	RMB12,000,000 (approximately HK\$13,650,000)	RMB12,000,000 (approximately HK\$13,650,000)
System Software, Cloud Computing System and Safety Inspection Supporting Services Transactions	RMB27,000,000 (approximately HK\$30,713,000)	RMB30,000,000 (approximately HK\$34,126,000)	RMB30,000,000 (approximately HK\$34,126,000)
Sale of Distributed Energy Transactions	RMB40,000,000 (approximately HK\$45,501,000)	RMB60,000,000 (approximately HK\$68,252,000)	RMB70,000,000 (approximately HK\$79,627,000)
Engineering Work Services Transactions	RMB19,000,000 (approximately HK\$21,613,000)	RMB19,000,000 (approximately HK\$21,613,000)	RMB19,000,000 (approximately HK\$21,613,000)

The Annual Cap Amounts in respect of:

- (a) the Project Management Transactions were arrived at with reference to historical figures for such transactions, the estimated demand for the Project Management Services and the service fees charged by other independent service providers of the Project Management Services;
- (b) the System Software, Cloud Computing System and Safety Inspection Supporting Services Transactions were arrived at with reference to historical figures for transactions for obtaining such services, the progress of promoting the use of System Software, Cloud Computing System and Safety Inspection Supporting Services within the Group and the progress of the development and introduction of new information technology products;
- (c) the Sale of Distributed Energy Transactions were arrived at with reference to the estimated volume of Distributed Energy which the Group is able to supply, the estimated demand for Distributed Energy by the HKCG Group, and the relevant prices of similar products chargeable by other independent suppliers; and
- (d) the Engineering Work Services Transactions were arrived at with reference to the historical data relating to pipeline constructions transactions of the HKCG Group, the estimated amount of future pipeline constructions projects of the HKCG Group as well as the estimated market share of U-Tech (Guang Dong), and the relevant service fees chargeable by other independent service providers for similar services.

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

The provision of the Project Management Services by Shenyang Sanquan ensures 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.

The System Software, Cloud Computing System and Safety Inspection Supporting Services Transactions 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 Sale of Distributed Energy Transactions will enable the Group to achieve a higher sales revenue, to increase the market share, to achieve return on investment, and to obtain a stable client base, thereby ensuring the continued and stable production of Distributed Energy related products by the Group.

The Engineering Work Services Transactions allow the Group to accumulate relevant experience, thereby enhancing the Group's efficiency in construction management and at the same time allowing the Group to develop the Engineering Work Services market and driving the development of the Group, and will also increase the Group's revenue in the provision of Engineering Work Services and to achieve return on investment.

In light of the above, 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 and on an arm's length basis, the terms of the CCT Master Agreements have been negotiated on an arm's length basis and are on normal commercial terms or better and both the terms of CCT Master Agreements and the relevant Annual Cap Amounts are fair and reasonable and are in the interests of the Group and the shareholders of the Company taken as a whole.

## **CONTINUING CONNECTED TRANSACTIONS**

As HKCG is a controlling shareholder of the Company, and Shenyang Sanquan and S-Tech (Wuhan) are subsidiaries of HKCG, each of HKCG, Shenyang Sanquan and S-Tech (Wuhan) is a connected person of the Company under the Listing Rules. The entering into of the CCT Master Agreements and the CCT Transactions contemplated thereunder, which are all to be carried out in the ordinary and usual course of business of the Group and are expected to continue and extend over a period of time, will therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the Annual Cap Amounts for each of the CCT Transactions exceed HK\$3,000,000 but some of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Annual Cap Amounts under each of the CCT Transactions are more than 0.1% but less than 5%, each of the CCT Transactions is only subject to the reporting, announcement and annual review requirements but is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Mr. Alfred Chan Wing-kin, Mr. John Ho Hon-ming and Mr. James Kwan Yuk-choi, all being Directors, are interested in approximately 0.0019%, 0.0003% and 0.0014% of the total number of issued shares in HKCG respectively and Mr. Alfred Chan Wing-kin, Mr. Peter Wong Wai-yee and Dr. Moses Cheng Mo-chi 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 as well as the Annual Cap Amounts.

## **INFORMATION ON THE COMPANY, HKCG, SHENYANG SANQUAN, S-TECH (WUHAN) AND U-TECH (GUANG DONG)**

The Company is an investment holding company and the principal activities of its subsidiaries are the sales and distribution of piped gas in the PRC, including the provision of piped gas, construction of gas pipelines, the operation of city gas pipeline network, the operation of gas fuel automobile refilling stations and the sale of gas household appliances.

The principal activities of the HKCG Group are the production, distribution and marketing of gas, water supply and emerging environmentally-friendly energy businesses in Hong Kong and the PRC.

The principal activities of Shenyang Sanquan are supervision and design of industrial and civil construction, decoration and renovation, municipal public works, chemical petroleum, mechanical and electrical installation, and civil air defence engineering projects, bidding agency, project management of construction projects, and cost consultation.

The principal activities of S-Tech (Wuhan) are the development, sale and implementation of software system and the provision of the corresponding after-sale services, the sale, installation and maintenance of hardware and integrated systems, consultation on the management of business process re-engineering, and other outsourcing services.

The principal activities of U-Tech (Guang Dong) are urban pipeline engineering services, non-excavation engineering work services, water supply, drainage and heating engineering work services, urban pipeline inspection services and pipeline positioning measurement services, technical consultation services for engineering projects, project management services, bidding agency services, cost consultation services for customers, and sale of mechanical equipment and tools for urban engineering work.

## **DEFINITIONS**

<b>“2016 Master Project Management Agreement”</b>	the agreement dated 5 December 2016 entered into between the Company and Shenyang Sanquan relating to the Project Management Transactions
<b>“2016 Master System Software, Cloud Computing System and Safety Inspection Supporting Services Agreement”</b>	the agreement dated 5 December 2016 entered into between the Company and Zhuhai S-Tech relating to the System Software, Cloud Computing System and Safety Inspection Supporting Services by Zhuhai S-Tech to members of the Group, and the payment by the relevant member of the Group to Zhuhai S-Tech of the relevant fees in connection therewith

<b>“Board”</b>	the board of Directors
<b>“CCT Master Agreements”</b>	the Master Project Management Agreement, the Master System Software, Cloud Computing System and Safety Inspection Supporting Services Agreement, the Master Sale of Distributed Energy Agreement, and the Master Engineering Work Services Agreement
<b>“CCT Transactions”</b>	the Project Management Transactions, the System Software, Cloud Computing System and Safety Inspection Supporting Services Transactions, the Sale of Distributed Energy Transactions, and the Engineering Work Services Transactions
<b>“Cloud Computing System”</b>	a cloud computing hardware system which will manage, operate and monitor the network infrastructure of information systems
<b>“Company”</b>	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)
<b>“Directors”</b>	the directors of the Company
<b>“Distributed Energy”</b>	distributed energy 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 Work Services”</b>	engineering work 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 Work Services Transactions”</b>	the provision of Engineering Work Services by U-Tech (Guang Dong) to members of the HKCG Group and the payment by the relevant member of the HKCG Group to U-Tech (Guang Dong) of the relevant service fees in connection therewith
<b>“Group”</b>	the Company and its subsidiaries
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<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 (save and except the Company and any of its subsidiaries) and associates (as defined under the Listing Rules)
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Listing Rules”</b>	Rules Governing the Listing of Securities on the Stock Exchange
<b>“Master Engineering Work Services Agreement”</b>	the agreement dated 6 December 2019 entered into between U-Tech (Guang Dong) and HKCG relating to the Engineering Work Services Transactions
<b>“Master Project Management Agreement”</b>	the agreement dated 6 December 2019 entered into between the Company and Shenyang Sanquan relating to the Project Management Transactions
<b>“Master Sale of Distributed Energy Agreement”</b>	the agreement dated 6 December 2019 entered into between the Company and HKCG relating to the Sale of Distributed Energy Transactions
<b>“Master System Software, Cloud Computing System and Safety Inspection Supporting Services Agreement”</b>	the agreement dated 6 December 2019 entered into between the Company and S-Tech (Wuhan) relating to the System Software, Cloud Computing System and Safety Inspection Supporting Services Transactions
<b>“PRC”</b>	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
<b>“Project Management Services”</b>	project management services relating to the monitoring and managing of gas facilities projects and construction and installation projects of the Group
<b>“Project Management Transactions”</b>	the provision of Project Management Services by Shenyang Sanquan to members of the Group and the payment by the relevant member of the Group to Shenyang Sanquan of the relevant service fees in connection therewith
<b>“RMB”</b>	Renminbi yuan, the lawful currency of the PRC
<b>“Sale of Distributed Energy Transactions”</b>	the sale of Distributed Energy by members of the Group to members of the HKCG Group and the payment by the relevant member of the HKCG Group to the relevant member of the Group of the relevant fees in connection therewith

<b>“Shenyang Sanquan”</b>	瀋陽三全工程監理諮詢有限公司 (Shenyang Sanquan Project Management Consulting Co., Ltd.), a company established in the PRC with limited liability and a non wholly-owned subsidiary of HKCG
<b>“S-Tech (Wuhan)”</b>	卓銳智高 (武漢) 科技有限公司 (S-Tech Smart Technology (Wuhan) Company Limited), a company established in the PRC with limited liability and a wholly-owned subsidiary of HKCG
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“System Software”</b>	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 (燃氣管網監控及數據採集系統), Mobility Meter Reading Application (移動抄表應用), Mobility Regular Safety Inspection Application (移動安檢應用) and Mobility Maintenance Service Application (移動維修應用)
<b>“System Software, Cloud Computing System and Safety Inspection Supporting Services”</b>	the user authorization, installation, management and maintenance and the provision of technical supporting services relating to the System Software and Cloud Computing System
<b>“System Software, Cloud Computing System and Safety Inspection Supporting Services Transactions”</b>	the provision of the System Software, Cloud Computing System and Safety Inspection Supporting Services by S-Tech (Wuhan) to members of the Group, and the payment by the relevant member of the Group to S-Tech (Wuhan) of the relevant fees in connection therewith
<b>“U-Tech (Guang Dong)”</b>	卓裕 (廣東) 工程建設有限公司 (U-Tech (Guang Dong) Engineering Construction Co., Ltd), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
<b>“Zhuhai S-Tech”</b>	珠海卓銳高科信息技術有限公司 (Zhuhai S-Tech Technology Limited), a company established in the PRC with limited liability and a wholly-owned subsidiary of HKCG
<b>“%”</b>	per cent.

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

Hong Kong, 6 December 2019

As 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

*English names of the PRC established companies/entities in this announcement are only translations of their official Chinese names. In case of inconsistency, the Chinese names prevail.*

*In this announcement, RMB has been converted to HK\$ at the rate of RMB0.8791 = 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.*