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# 港華燃氣有限公司 Towngas China Company Limited

(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 1083)

## CONNECTED TRANSACTION

### (1) DEEMED DISPOSAL OF EQUITY INTEREST IN A SUBSIDIARY AND FORMATION OF JOINT VENTURE

AND

### (2) FORMATION OF JOINT VENTURE

#### (1) DEEMED DISPOSAL OF EQUITY INTEREST IN A SUBSIDIARY AND FORMATION OF JOINT VENTURE

The Board is pleased to announce that on 24 September 2021, Towngas China Investments, an indirect wholly-owned subsidiary of the Company, and Towngas Lifestyle (Shenzhen), an indirect wholly-owned subsidiary of HKCG, entered into the Capital Increase Agreement in relation to the Capital Injection of RMB15,000,000 (approximately HK\$18,007,000) to Cosy Home (Chengdu) by Towngas Lifestyle (Shenzhen). On the same day, Towngas China Investments and Towngas Lifestyle (Shenzhen) also signed the Chengdu JV Articles.

As at the date of this announcement, Cosy Home (Chengdu) is a wholly-owned subsidiary of Towngas China Investments and has a registered capital of RMB10,000,000 (approximately HK\$12,005,000). Upon completion of the Capital Injection, the registered capital of Cosy Home (Chengdu) will be increased to RMB25,000,000 (approximately HK\$30,012,000) and the equity interest in Cosy Home (Chengdu) held by Towngas China Investments will be decreased from 100% to 40%, and Cosy Home (Chengdu) will cease to be a subsidiary of the Company.

#### **Listing Rules Implications**

As Towngas China Investments' equity interest in Cosy Home (Chengdu) will decrease from 100% to 40% upon completion of the Capital Injection, the Capital Injection constitutes a deemed disposal for the Company under Rule 14.29 of the Listing Rules. Given that all of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Capital Injection are less than 5%, the Capital Injection, the Capital Increase Agreement and the transactions contemplated thereunder are therefore exempt from all reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14 of the Listing Rules.

As HKCG is a controlling shareholder of the Company and Towngas Lifestyle (Shenzhen) is a subsidiary of HKCG, Towngas Lifestyle (Shenzhen) is a connected person of the Company under the Listing Rules. As such, the Capital Injection and the entering into of the Capital Increase Agreement and the signing of the Chengdu JV Articles constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. Given that the amount of the Capital Injection is more than HK\$3,000,000 but one of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Capital Injection is more than 0.1% but all of them are less than 5%, the Capital Injection, the Capital Increase Agreement and the transactions contemplated thereunder (including the resulting formation of a joint venture with the HKCG Group) are therefore subject to the reporting and announcement requirements, but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **(2) FORMATION OF JOINT VENTURE**

The Board is pleased to announce that for the purpose of establishing the Hangzhou JV Company to carry out the business of creating a new health business landscape, including the sale of health services and health products, Huzhou Towngas China (an indirect non-wholly owned subsidiary of the Company), Tongxiang Towngas China (also an indirect non-wholly owned subsidiary of the Company), Hangzhou Towngas China (a jointly controlled entity owned as to 50% by the Company and as to 50% by Hangzhou Xiyuan Gas) and Towngas Lifestyle (Shenzhen) had on 24 September 2021 signed the Hangzhou JV Articles. According to the Hangzhou JV Articles, each of Huzhou Towngas China and Tongxiang Towngas China shall make a capital contribution of RMB960,000 (approximately HK\$1,152,000) in cash, each representing 12% of the registered capital of the Hangzhou JV Company, Hangzhou Towngas China shall make a capital contribution of RMB2,000,000 (approximately HK\$2,401,000) in cash, representing 25% of the registered capital of the Hangzhou JV Company and Towngas Lifestyle (Shenzhen) shall make a capital contribution of RMB4,080,000 (approximately HK\$4,898,000) in cash, representing 51% of the registered capital of the Hangzhou JV Company, and accordingly, the Hangzhou JV Company will be owned by the Hangzhou JV Parties in the above proportion.

### **Listing Rules Implications**

As HKCG is a controlling shareholder of the Company and Towngas Lifestyle (Shenzhen) is a subsidiary of HKCG, Towngas Lifestyle (Shenzhen) is a connected person of the Company under the Listing Rules. As such, the establishment of the Hangzhou JV Company and the signing of the Hangzhou JV Articles constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. Given that all of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the capital contribution to be made by the Group in the Hangzhou JV Company are less than 0.1%, the establishment of the Hangzhou JV Company constitutes a de minimis connected transaction under Rule 14A.76(1) of the Listing Rules and is therefore fully exempt from all reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. However, given that all of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of (i) the capital contribution to be made by the Group in the Hangzhou JV Company and (ii) the other formation of joint venture transactions between the Group and the HKCG Group (including the Capital Injection) for the previous 12 months on an aggregate basis are more than 0.1% but less than 5%, the establishment of the Hangzhou JV Company is therefore 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.

## **(1) DEEMED DISPOSAL OF EQUITY INTEREST IN A SUBSIDIARY AND FORMATION OF JOINT VENTURE**

The Board announces that on 24 September 2021, Towngas China Investments, an indirect wholly-owned subsidiary of the Company, and Towngas Lifestyle (Shenzhen), an indirect wholly-owned subsidiary of HKCG, entered into the Capital Increase Agreement in relation to the Capital Injection of RMB15,000,000 (approximately HK\$18,007,000) to Cosy Home (Chengdu) by Towngas Lifestyle (Shenzhen).

### **(a) THE CAPITAL INCREASE AGREEMENT**

Set out below are the principal terms of the Capital Increase Agreement:

#### **Date**

24 September 2021

#### **Parties**

- (i) Towngas China Investments, an indirect wholly-owned subsidiary of the Company; and
- (ii) Towngas Lifestyle (Shenzhen), an indirect wholly-owned subsidiary of HKCG.

#### **Capital contribution**

Pursuant to the Capital Increase Agreement, Towngas Lifestyle (Shenzhen) shall make a capital contribution of RMB15,000,000 (approximately HK\$18,007,000) to Cosy Home (Chengdu). The capital contribution shall be paid by way of cash in one lump sum by Towngas Lifestyle (Shenzhen) to Cosy Home (Chengdu) within 30 Business Days after all the conditions precedent to the Capital Injection as set out below have been fulfilled.

The amount of Capital Injection was determined after arm's length negotiations between Towngas Lifestyle (Shenzhen) and Towngas China Investments after taking into account various factors, including the nature of the business, the estimated working capital requirements and the future development plans of Cosy Home (Chengdu).

Upon completion of the Capital Injection, the registered capital of Cosy Home (Chengdu) will be increased from RMB10,000,000 (approximately HK\$12,005,000) to RMB25,000,000 (approximately HK\$30,012,000) and the equity interest in Cosy Home (Chengdu) held by Towngas China Investments will be decreased from 100% to 40%, and Cosy Home (Chengdu) will cease to be a subsidiary of the Company and the financial results of Cosy Home (Chengdu) will no longer be consolidated into the Company's consolidated financial statements.

#### **Conditions precedent**

The Capital Injection shall be conditional upon:

- (i) all approvals, consents, authorisations and permits regarding the entering into of the Capital Increase Agreement having been obtained by Towngas China Investments, Towngas Lifestyle (Shenzhen) and Cosy Home (Chengdu) as required under the applicable laws and regulations and their respective articles;

- (ii) Towngas China Investments and Towngas Lifestyle (Shenzhen) having signed the Capital Increase Agreement and the Chengdu JV Articles, and the report on change of investment particulars having been properly filled in and submitted by Cosy Home (Chengdu) through the enterprise registration system during the relevant registration process; and
- (iii) Cosy Home (Chengdu) having completed the relevant registration procedures in relation to the Capital Injection and obtained the new business licence from the relevant PRC authority showing that Cosy Home (Chengdu) has a registered capital of RMB25,000,000 (approximately HK\$30,012,000), and 40% and 60% equity interest of Cosy Home (Chengdu) having been registered under the names of Towngas China Investments and Towngas Lifestyle (Shenzhen) respectively.

If the above conditions precedent are not fulfilled within 6 months from the date of the Capital Increase Agreement (or such longer period as the Chengdu JV Parties may mutually agree) or waived by Towngas Lifestyle (Shenzhen), either of the Chengdu JV Parties may terminate the Capital Increase Agreement by not less than seven days' prior written notice after the expiry of the aforementioned 6-month period.

If the Capital Increase Agreement is terminated pursuant to the terms and conditions therein, the Chengdu JV Articles and any other agreement or document signed or entered into pursuant to the Capital Increase Agreement will also be terminated.

## **(b) THE CHENGDU JV ARTICLES**

On 24 September 2021, Towngas China Investments and Towngas Lifestyle (Shenzhen) also signed the Chengdu JV Articles, the principal terms of which are set out below.

### **Date**

24 September 2021

### **Signing Parties**

- (i) Towngas China Investments, an indirect wholly-owned subsidiary of the Company; and
- (ii) Towngas Lifestyle (Shenzhen), an indirect wholly-owned subsidiary of HKCG.

### **Term of the joint venture**

Cosy Home (Chengdu) is a company of perpetual duration.

### **Registered capital of Cosy Home (Chengdu) and details of capital contribution**

The registered capital of Cosy Home (Chengdu) shall be RMB25,000,000 (approximately HK\$30,012,000) of which:

- (a) RMB10,000,000 (approximately HK\$12,005,000), representing 40% of the registered capital of Cosy Home (Chengdu), shall be contributed by Towngas China Investments before 31 December 2022; and
- (b) RMB15,000,000 (approximately HK\$18,007,000), representing 60% of the registered capital of Cosy Home (Chengdu), shall be contributed by Towngas Lifestyle (Shenzhen) before 31 December 2022.

## **Management structure of Cosy Home (Chengdu)**

### *Composition of the board of directors*

The board of directors of Cosy Home (Chengdu) shall consist of five directors, of which Towngas Lifestyle (Shenzhen) shall nominate three directors, one of whom shall also be the chairman of the board of directors of Cosy Home (Chengdu), and Towngas China Investments shall nominate two directors. There shall be one secretary reporting to the board of directors of Cosy Home (Chengdu).

### *Supervisors*

Cosy Home (Chengdu) shall have one supervisor to be nominated by Towngas China Investments. Directors and senior management of Cosy Home (Chengdu) may not concurrently serve as supervisor.

### *Senior management*

Cosy Home (Chengdu) shall have (i) one general manager to be nominated by Towngas China Investments, (ii) one deputy general manager to be nominated by Towngas Lifestyle (Shenzhen), and (iii) one chief financial officer to be nominated by Towngas China Investments. The general manager of Cosy Home (Chengdu) shall concurrently serve as the legal representative of Cosy Home (Chengdu).

## **Restrictions on transfer**

Save for the permitted transfer of equity interest in Cosy Home (Chengdu) between a Chengdu JV Party and its related parties (as defined in the Chengdu JV Articles), the transfer of all or part of the equity interest in Cosy Home (Chengdu) between the Chengdu JV Parties requires the consent of other Chengdu JV Parties (if applicable). Further, a Chengdu JV Party shall not transfer all or part of its equity interest in Cosy Home (Chengdu) to other parties without the consent of the other Chengdu JV Party. The transferring Chengdu JV Party shall notify the non-transferring Chengdu JV Party of the particulars of the proposed transfer by written notice (the “**Chengdu JV Transfer Notice**”). If the non-transferring Chengdu JV Party does not consent to such transfer, it shall purchase the relevant equity interest from the transferring Chengdu JV Party. If the non-transferring Chengdu JV Party does not wish to purchase the relevant equity interest or if no response is received from the non-transferring Chengdu JV Party within 30 days from the receipt of the Chengdu JV Transfer Notice, the non-transferring Chengdu JV Party shall be deemed to have consented to the proposed transfer by the transferring Chengdu JV Party and waived its pre-emptive right to acquire the equity interest proposed to be transferred.

## **Profits distribution**

The remaining after-tax profits of Cosy Home (Chengdu), after making up any losses over the years and retaining of relevant statutory reserve funds and other discretionary reserve funds in accordance with the Chengdu JV Articles, may be distributed to the Chengdu JV Parties in proportion to their respective equity interests in Cosy Home (Chengdu) after taking into consideration factors relating to the financials, business and operation of Cosy Home (Chengdu).

## **(c) INFORMATION ON COSY HOME (CHENGDU)**

Cosy Home (Chengdu) is a limited liability company established in the PRC on 8 June 2020 with a registered capital of RMB10,000,000 (approximately HK\$12,005,000) and is an indirect wholly-owned subsidiary of the Company. As at the date of this announcement, the entire registered capital of Cosy Home (Chengdu) has been fully paid by Towngas China Investments. Upon completion of the Capital Injection, the registered capital of Cosy Home (Chengdu) will be increased to RMB25,000,000 (approximately HK\$30,012,000). Cosy Home (Chengdu) currently has 16 51%-owned subsidiaries and a wholly-owned subsidiary, all of which are established in the PRC. Cosy Home (Chengdu) and its subsidiaries are principally engaged in the businesses of information technology consulting, the sale of gas appliances, household heating and the distribution service of online customer centre “Virtual Customer Centre”.

The unaudited net asset value of Cosy Home (Chengdu) as at 31 December 2020 was approximately RMB9,523,000 (approximately HK\$11,432,000) and the unaudited net loss of Cosy Home (Chengdu) (both before and after tax) for the financial year ended 31 December 2020 was RMB477,000 (approximately HK\$573,000).

## **(2) FORMATION OF JOINT VENTURE**

The Board is pleased to announce that for the purpose of establishing the Hangzhou JV Company to carry out the business of creating a new health business landscape, including the sale of health services and health products, Huzhou Towngas China (an indirect non-wholly owned subsidiary of the Company), Tongxiang Towngas China (also an indirect non-wholly owned subsidiary of the Company), Hangzhou Towngas China (a jointly controlled entity owned as to 50% by the Company and as to 50% by Hangzhou Xiyuan Gas) and Towngas Lifestyle (Shenzhen), had on 24 September 2021 signed the Hangzhou JV Articles, the principal terms of which are set out below.

### **THE HANGZHOU JV ARTICLES**

#### **Date**

24 September 2021

#### **Signing Parties**

- (i) Huzhou Towngas China, an indirect non-wholly owned subsidiary of the Company;
- (ii) Tongxiang Towngas China, an indirect non-wholly owned subsidiary of the Company;
- (iii) Hangzhou Towngas China, a jointly controlled entity owned as to 50% by the Company and as to 50% by Hangzhou Xiyuan Gas; and
- (iv) Towngas Lifestyle (Shenzhen), an indirect wholly-owned subsidiary of HKCG.

#### **Proposed name of joint venture and term of joint venture**

The proposed name of the Hangzhou JV Company is 港華到家（杭州）信息技術有限公司 and the Hangzhou JV Company will be owned as to 12%, 12%, 25% and 51% by Huzhou Towngas China, Tongxiang Towngas China, Hangzhou Towngas China and Towngas Lifestyle (Shenzhen) respectively. It is proposed that the term of the Hangzhou JV Company will be 30 years commencing from the date of issue of its first business licence.

## **Registered capital of the Hangzhou JV Company and details of capital contribution**

The registered capital of the Hangzhou JV Company shall be RMB8,000,000 (approximately HK\$9,604,000) of which:

- (a) RMB960,000 (approximately HK\$1,152,000), representing 12% of the registered capital of the Hangzhou JV Company, shall be contributed by Huzhou Towngas China before 31 December 2022;
- (b) RMB960,000 (approximately HK\$1,152,000), representing 12% of the registered capital of the Hangzhou JV Company, shall be contributed by Tongxiang Towngas China before 31 December 2022;
- (c) RMB2,000,000 (approximately HK\$2,401,000), representing 25% of the registered capital of the Hangzhou JV Company, shall be contributed by Hangzhou Towngas China before 31 December 2022; and
- (d) RMB4,080,000 (approximately HK\$4,898,000), representing 51% of the registered capital of the Hangzhou JV Company, shall be contributed by Towngas Lifestyle (Shenzhen) before 31 December 2022.

The amount of the capital contributions under the Hangzhou JV Articles was determined after arm's length negotiations between the Hangzhou JV Parties after taking into account various factors, including the nature of the business, the estimated working capital requirements and the future development plans of the Hangzhou JV Company. The capital contribution by the Group will be funded by the Group's internal resources.

## **Management structure of the Hangzhou JV Company**

### *Composition of the board of directors*

The board of directors of the Hangzhou JV Company shall consist of four directors, of which Towngas Lifestyle (Shenzhen) shall nominate one director who shall also be the chairman of the board of directors of the Hangzhou JV Company, and each of Huzhou Towngas China, Tongxiang Towngas China and Hangzhou Towngas China shall nominate one director. There shall be one secretary reporting to the board of directors of the Hangzhou JV Company.

### *Supervisors*

The Hangzhou JV Company shall have one supervisor to be nominated by Towngas Lifestyle (Shenzhen). Directors and senior management of the Hangzhou JV Company may not concurrently serve as supervisor.

### *Senior management*

The Hangzhou JV Company shall have one general manager to be nominated by Towngas Lifestyle (Shenzhen) and one chief financial officer to be nominated by Towngas Lifestyle (Shenzhen). The general manager of the Hangzhou JV Company shall concurrently serve as the legal representative of the Hangzhou JV Company.

## **Restrictions on transfer**

Save for the permitted transfer of equity interest in the Hangzhou JV Company between a Hangzhou JV Party and its related parties (as defined in the Hangzhou JV Articles), the transfer of all or part of the equity interest in the Hangzhou JV Company between the Hangzhou JV Parties requires the consent of other Hangzhou JV Parties. Further, a Hangzhou JV Party shall not transfer all or part of its equity interest in the Hangzhou JV Company to other parties without the consent of more than half of the other Hangzhou JV Parties. The transferring Hangzhou JV Party shall notify the non-transferring Hangzhou JV Parties of the particulars of the proposed transfer by written notice (the “**Hangzhou JV Transfer Notice**”). If more than half of the other Hangzhou JV Parties do not consent to such transfer, those Hangzhou JV Parties not consenting to the transfer shall purchase the relevant equity interest from the transferring Hangzhou JV Party. Where two or more Hangzhou JV Parties wish to exercise their pre-emptive rights to acquire the equity interest proposed to be transferred by the transferring Hangzhou JV Party, they shall agree among themselves as to the proportion which they would acquire respectively, and failing agreement, they shall exercise their pre-emptive rights according to the proportion of their respective equity interests in the Hangzhou JV Company. If the non-transferring Hangzhou JV Parties do not wish to purchase the relevant equity interest or if no response is received from the non-transferring Hangzhou JV Parties within 30 days from the receipt of the Hangzhou JV Transfer Notice, the non-transferring Hangzhou JV Parties shall be deemed to have consented to the proposed transfer by the transferring Hangzhou JV Party and waived their pre-emptive right to acquire the equity interest proposed to be transferred.

## **Profits distribution**

The remaining after-tax profits of the Hangzhou JV Company, after making up any losses over the years and retaining of relevant statutory reserve funds and other discretionary reserve funds in accordance with the Hangzhou JV Articles, may be distributed to the Hangzhou JV Parties in proportion to their respective equity interests in the Hangzhou JV Company after taking into consideration factors relating to the financials, business and operation of the Hangzhou JV Company.

## **REASONS FOR AND BENEFITS OF THE CAPITAL INJECTION AND THE ESTABLISHMENT OF THE HANGZHOU JV COMPANY**

Leveraging on the theme of healthy and cosy living promoted by Towngas Lifestyle (Shenzhen) and the ability of the Group to penetrate the offline community and its massive user base, the introduction of Towngas Lifestyle (Shenzhen) as a shareholder of Cosy Home (Chengdu) and the joint establishment of the Hangzhou JV Company will create a synergistic effect whereby Towngas Lifestyle (Shenzhen) will be able to provide a high quality of healthy living and introduce products such as high-end ingredients and kitchenware to users through using community service centres as an immersive experience, and promote its online e-commerce.

The Directors (including the independent non-executive Directors) consider that the terms of the Capital Injection and the Capital Increase Agreement and the Chengdu JV Articles are fair and reasonable and on normal commercial terms, and the Capital Injection and the resulting formation of a joint venture with HKCG through the introduction of Towngas Lifestyle (Shenzhen) as a shareholder of Cosy Home (Chengdu) is in the interests of the Group and the shareholders of the Company taken as a whole.

The Directors (including the independent non-executive Directors) also consider that the terms of the Hangzhou JV Articles are fair and reasonable and on normal commercial terms, and the establishment of the Hangzhou JV Company is in the interests of the Group and the shareholders of the Company taken as a whole.

## INFORMATION ON THE PARTIES

Towngas China Investments is an indirect wholly-owned subsidiary of the Company and its principal business is investment holding.

Huzhou Towngas China is an indirect non-wholly owned subsidiary of the Company and is principally engaged in the supply of natural gas and provision of related services and the construction of piped gas networks.

Tongxiang Towngas China is an indirect non-wholly owned subsidiary of the Company and is principally engaged in the supply of natural gas and provision of related services and the construction of piped gas networks.

Hangzhou Towngas China is a jointly controlled entity owned as to 50% by the Company and as to 50% by Hangzhou Xiyuan Gas and is principally engaged in the supply of natural gas and provision of related services and the construction of piped gas networks. So far as the Company is aware, Hangzhou Xiyuan Gas is ultimately owned as to (i) 52% by 杭州鳳都假日酒店有限公司 (Hangzhou Fengdu Holiday Hotel Co., Ltd.\*, a company ultimately owned as to 20% by 黃程昊 (Huang Cheng-hao) and 80% by 黃永國 (Wang Yong-guo)), (ii) 29.9% by 深圳市港燃盈投資有限公司 (Shenzhen Gangranying Investment Co., Ltd.\*, a company ultimately owned as to 50% by each of two individuals who are directors of certain subsidiaries of the Company), (iii) 12% by 杭州孚澤投資管理有限公司 (Hangzhou Fuze Investment Management Co., Ltd.\*, owned as to 30% by 馬夢偉 (Ma Meng-wei) and 70% by 馬鎖平 (Ma Suo-ping), and is a substantial shareholder of a subsidiary of the Company), and (iv) 6.1% by 黃永國 (Wang Yong-guo). Each of 黃程昊 (Huang Cheng-hao), 黃永國 (Wang Yong-guo), 馬夢偉 (Ma Meng-wei) and 馬鎖平 (Ma Suo-ping) is an individual independent of the Company and its connected persons and 杭州孚澤投資管理有限公司 (Hangzhou Fuze Investment Management Co., Ltd.\*) is a substantial shareholder of a subsidiary of the Company.

The Company is an investment holding company and the principal activities of its subsidiaries are the sales of piped gas and other types of energy, construction of gas pipelines, the sales of gas appliances and related products, and other value-added services in the PRC.

Towngas Lifestyle (Shenzhen) is an indirect wholly-owned subsidiary of HKCG and is principally engaged in gas value-adding services, healthy foods and kitchenware e-commerce, research and development of and consultancy services relating to gas cloud platform technology, computer and network technology development, technology consultancy, transfer and services.

HKCG is a controlling shareholder of the Company and through its various wholly-owned subsidiaries holds approximately 68.51% of the total issued shares of the Company as at the date of this announcement. 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. Henderson Land Development Company Limited, 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.

## **LISTING RULES IMPLICATIONS**

### **(a) In respect of the Capital Injection**

As Towngas China Investments' equity interest in Cosy Home (Chengdu) will decrease from 100% to 40% upon completion of the Capital Injection, the Capital Injection constitutes a deemed disposal for the Company under Rule 14.29 of the Listing Rules. Given that all of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Capital Injection are less than 5%, the Capital Injection, the Capital Increase Agreement and the transactions contemplated thereunder are therefore exempt from all reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14 of the Listing Rules.

As HKCG is a controlling shareholder of the Company and Towngas Lifestyle (Shenzhen) is a subsidiary of HKCG, Towngas Lifestyle (Shenzhen) is a connected person of the Company under the Listing Rules. As such, the Capital Injection and the entering into of the Capital Increase Agreement and the signing of the Chengdu JV Articles also constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. Given that the amount of the Capital Injection is more than HK\$3,000,000 but one of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Capital Injection is more than 0.1% but all of them are less than 5%, the Capital Injection, the Capital Increase Agreement and the transactions contemplated thereunder (including the resulting formation of a joint venture with the HKCG Group) are therefore subject to the reporting and announcement requirements, but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **(b) In respect of the establishment of the Hangzhou JV Company**

As HKCG is a controlling shareholder of the Company and Towngas Lifestyle (Shenzhen) is a subsidiary of HKCG, Towngas Lifestyle (Shenzhen) is a connected person of the Company under the Listing Rules. As such, the establishment of the Hangzhou JV Company and the signing of the Hangzhou JV Articles constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. Given that all of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the capital contribution to be made by the Group in the Hangzhou JV Company are less than 0.1%, the establishment of the Hangzhou JV Company constitutes a de minimis connected transaction under Rule 14A.76(1) of the Listing Rules and is therefore fully exempt from all reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. However, given that all of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of (i) the capital contribution to be made by the Group in the Hangzhou JV Company and (ii) the other formation of joint venture transactions between the Group and the HKCG Group (including the Capital Injection) for the previous 12 months on an aggregate basis are more than 0.1% but less than 5%, the establishment of the Hangzhou JV Company is therefore 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 Mr. Alfred Chan Wing-kin, 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 had abstained from voting on the Board resolutions to approve the Capital Injection, the Capital Increase Agreement, the Chengdu JV Articles, the establishment of the Hangzhou JV Company, the Hangzhou JV Articles and the transactions contemplated thereunder.

## DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day on which licensed banks in the PRC are generally open for normal banking business and which is not a Saturday, Sunday or public holiday;
“Capital Increase Agreement”	the capital increase agreement dated 24 September 2021 entered into between Towngas China Investments and Towngas Lifestyle (Shenzhen) in relation to the Capital Injection
“Capital Injection”	the capital injection of RMB15,000,000 (approximately HK\$18,007,000) by Towngas Lifestyle (Shenzhen) to Cosy Home (Chengdu)
“Chengdu JV Articles”	the articles of Cosy Home (Chengdu) signed by the Chengdu JV Parties on 24 September 2021
“Chengdu JV Parties”	collectively, Towngas China Investments and Towngas Lifestyle (Shenzhen), and each a “Chengdu JV Party”
“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
“Cosy Home (Chengdu)”	港華舒適家（成都）科技服務有限公司 (Towngas Cosy Home (Chengdu) Technological Services Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hangzhou JV Articles”	the articles of the Hangzhou JV Company signed by the Hangzhou JV Parties on 24 September 2021

“Hangzhou JV Company”	港華到家（杭州）信息技術有限公司, a joint venture company to be established in the PRC for the purpose of new healthcare business, including the sales of healthcare services and healthcare products, to be held as to 12%, 12%, 25% and 51% by Huzhou Towngas China, Tongxiang Towngas China, Hangzhou Towngas China and Towngas Lifestyle (Shenzhen) respectively
“Hangzhou JV Parties”	collectively, Towngas Lifestyle (Shenzhen), Hangzhou Towngas China, Huzhou Towngas China and Tongxiang Towngas China, and each a “Hangzhou JV Party”
“Hangzhou Towngas China”	杭州港華燃氣有限公司 (Hangzhou Hong Kong and China Gas Company Limited), a company established in the PRC with limited liability and a jointly controlled entity owned as to 50% by the Company and as to 50% by Hangzhou Xiyuan Gas
“Hangzhou Xiyuan Gas”	杭州西園管道燃氣有限公司 (Hangzhou Xiyuan Pipeline Gas Co. Ltd.*), a company established in the PRC with limited liability and owns 50% of Hangzhou Towngas China
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“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)
“HKCG Group”	HKCG and its subsidiaries (save and except the Company and its subsidiaries) and associates (as defined under the Listing Rules)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huzhou Towngas China”	湖州港華燃氣有限公司 (Huzhou Hong Kong and China Gas Company Limited), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi yuan, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tongxiang Towngas China”	桐鄉港華天然氣有限公司 (Tongxiang Hong Kong and China Gas Company Limited), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company

“Towngas China Investments”	港華燃氣投資有限公司 (Towngas Investments Limited), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, and as at the date of this announcement owns 100% equity interests in Cosy Home (Chengdu)
“Towngas Lifestyle (Shenzhen)”	名氣家 (深圳) 信息服務有限公司 (Towngas Lifestyle (Shenzhen) Information Services Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of HKCG
“%”	per cent.

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

Hong Kong, 24 September 2021

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

*Executive Directors:*

Alfred Chan Wing-kin (*Chairman*)  
Peter Wong Wai-ye (*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 RMB0.833 = 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.*