
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisor.

If you have sold or transferred all your shares in **Towngas Smart Energy Company Limited**, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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

No Shareholder receiving a copy of this circular and/or an Election Form in any territory outside Hong Kong may treat the same as an invitation to elect for Shares unless in the relevant territory such invitation could lawfully be made to him/her/it without Towngas Smart Energy Company Limited having to comply with any registration or other legal requirements, governmental or regulatory procedures or any other similar formalities. It is the responsibility of any Shareholder outside Hong Kong who wishes to receive New Shares under the Scrip Dividend Scheme to comply with the laws of the relevant jurisdictions including procedures or any other similar formalities.



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)

**SCRIP DIVIDEND SCHEME IN RELATION TO
THE FINAL DIVIDEND
FOR THE YEAR ENDED 31 DECEMBER 2023**

13 June 2024

DEFINITIONS

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

| | |
|-------------------------|--|
| “AGM” | the annual general meeting of the Company held at Meeting Room S421 (Harbour Road Entrance), Hong Kong Convention and Exhibition Centre, Wanchai, Hong Kong on Wednesday, 29 May 2024 at 11:00 a.m. |
| “Board” | the board of directors of the Company |
| “CCASS” | the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited |
| “Company” | Towngas Smart Energy Company Limited (Stock Code: 1083), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange |
| “Convertible Bonds” | the 1% unsecured convertible bonds due 2026 in the principal amount of RMB1,835,603,119.35 issued by the Company and convertible into Shares, the particulars of which are set out in the Transaction Announcement |
| “Director(s)” | the director(s) of the Company |
| “Election Form” | the form of election in relation to the Scrip Dividend Scheme |
| “Eligible Shareholders” | Shareholders whose names appeared on the register of members of the Company on the Record Date |
| “Final Dividend” | the final dividend of 16 HK cents per Share for the year ended 31 December 2023 payable on Friday, 12 July 2024 to Eligible Shareholders |

DEFINITIONS

| | |
|----------------------------|---|
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Latest Practicable Date” | Friday, 7 June 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein |
| “New Share(s)” | new Share(s) credited as fully paid to be issued under the Scrip Dividend Scheme |
| “Overseas Shareholders” | Eligible Shareholders whose addresses as shown on the register of members of the Company on the Record Date were in places outside Hong Kong |
| “Record Date” | Thursday, 6 June 2024, being the date for determining the Shareholders who qualify for the Final Dividend |
| “Scrip Dividend Scheme” | the scrip dividend scheme proposed by the Board and announced in the results announcement of the Company on Tuesday, 19 March 2024 which offers Shareholders a scrip alternative whereby Shareholders may elect to receive the Final Dividend wholly or partly by the allotment of New Shares in lieu of cash |
| “Share(s)” | share(s) of nominal value of HK\$0.10 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Transaction Announcement” | the announcement of the Company dated 25 October 2021 in relation to the issue of new Shares and convertible bonds by the Company under general mandate |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |

LETTER FROM THE BOARD



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)

Non-Executive Director:

Dr. Lee Ka-kit (*Chairman*)

Mr. LIU Kai Lap Kenneth

Executive Directors:

Mr. Peter Wong Wai-yee

(Chief Executive Officer)

Mr. Martin Kee Wai-ngai

(Chief Operating Officer – Gas Business)

Dr. John Qiu Jian-hang

(Chief Operating Officer – Renewable Business)

Independent Non-Executive Directors:

Dr. the Hon. Moses Cheng Mo-chi

Mr. Brian David Li Man-bun

Dr. LOH Kung Wai Christine

Registered Office:

P.O. Box 309

Ugland House

Grand Cayman

KY1-1104

Cayman Islands

*Head Office and Principal Place
of Business in Hong Kong:*

23rd Floor

363 Java Road

North Point

Hong Kong

13 June 2024

To the Shareholders

Dear Sir or Madam,

SCRIP DIVIDEND SCHEME IN RELATION TO THE FINAL DIVIDEND FOR THE YEAR ENDED 31 DECEMBER 2023

INTRODUCTION

On 19 March 2024, the Company announced that the Board had declared the payment of the Final Dividend to Shareholders whose names appear on the register of members of the Company on the Record Date. At the AGM, the Final Dividend was approved by the Shareholders. Eligible Shareholders may elect to receive the Final Dividend in cash, or in the form of fully paid New Shares in lieu of cash, or partly in cash and partly in the form of fully paid New Shares under the Scrip Dividend Scheme.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with the procedures which apply in relation to the Scrip Dividend Scheme and the action which should be taken by the Shareholders in relation thereto.

PARTICULARS OF THE SCRIP DIVIDEND SCHEME

Eligible Shareholders may elect to receive the Final Dividend in one of the following ways:

- (a) cash of 16 HK cents per Share; or
- (b) an allotment of such number of New Shares having a market value (as calculated below) equal to, save for adjustment for fractions, the amount of Final Dividend which Shareholders would otherwise be entitled to receive in cash; or
- (c) partly cash and partly New Shares.

BASIS OF ALLOTMENT OF NEW SHARES

For the purpose of calculating the number of New Shares to be allotted pursuant to the Scrip Dividend Scheme, the market value of a New Share, which is calculated as equivalent to the average closing price of one Share as quoted on the Stock Exchange for the five consecutive trading days commencing from Monday, 3 June 2024 to Friday, 7 June 2024 (both days inclusive), is HK\$2.9 per Share (the “**Average Closing Price**”). Accordingly, the number of New Shares which the Eligible Shareholders are entitled to receive in respect of the Shares registered in their names as at the Record Date is calculated as follows:

$$\text{Number of New Shares to be received} = \frac{\text{Number of Shares held on the Record Date and elected for the New Shares}}{\text{HK\$2.9 (Average Closing Price)}} \times \frac{\text{HK\$0.16 (Final Dividend per Share)}}{\text{HK\$2.9 (Average Closing Price)}}$$

LETTER FROM THE BOARD

The number of New Shares to be issued to the Eligible Shareholders will be rounded down to the nearest whole number. Fractional entitlements to the New Shares in respect of choices (b) and (c) above will be paid in the form of cash dividend to the respective Shareholders concerned. The New Shares will, on issue, rank pari passu in all respects with the Shares in issue on the date of the allotment and issue of the New Shares except that they shall not be entitled to the Final Dividend.

ADVANTAGES OF THE SCRIP DIVIDEND SCHEME

The Scrip Dividend Scheme will give the Shareholders an opportunity to increase their investment in the Company at market value without incurring brokerage fees, stamp duty and related dealing costs. It will also benefit the Company to the extent that cash which would otherwise have been paid to the Shareholders who elect to receive the New Shares, in whole or in part in lieu of cash dividend, will be retained for use as working capital of the Company.

EFFECT OF THE SCRIP DIVIDEND SCHEME

Based on 3,354,500,581 Shares in issue as at the Record Date, if all Eligible Shareholders elect to receive the Final Dividend in cash, the total cash dividend payable by the Company would be approximately HK\$536,720,093. If all Eligible Shareholders elect to receive all of their entitlements to the Final Dividend in the form of New Shares in lieu of cash, based on the Average Closing Price, the maximum number of New Shares to be issued under the Scrip Dividend Scheme will be 185,075,894 Shares, representing approximately 5.52% of the issued share capital of the Company as at the Latest Practicable Date and approximately 5.23% of the issued share capital of the Company as enlarged by the issue of such New Shares. The New Shares are not renounceable.

Reference is made to the Convertible Bonds issued by the Company on 18 November 2021 and the adjustment of conversion price on 12 July 2022 and 11 July 2023. Based on the adjusted conversion price of HK\$6.18 per Share, a maximum number of 358,853,640 Shares may be allotted and issued by the Company upon full conversion of the Convertible Bonds.

Reference is also made to the share option scheme adopted by the Company on 26 May 2022, 10,763,000 Shares will be allotted if the outstanding options are fully exercised.

LETTER FROM THE BOARD

Save as disclosed above, as at the Latest Practicable Date, the Company had no other outstanding options, warrants or other securities in issue which are convertible into or give rights to subscribe for, convert or exchange into, any Shares, as the case may be.

Shareholders should note that the New Shares to be issued under the Scrip Dividend Scheme may give rise to disclosure requirements under Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). **Shareholders who are in any doubt as to how these provisions may affect them as a result of the issue of the New Shares are recommended to seek their own professional advice. Shareholders who are in any doubt as to their taxation position are also recommended to seek their own professional advice.**

ELECTION FORM

An Election Form is enclosed with this circular for use by the Eligible Shareholders who wish to receive the Final Dividend wholly in New Shares or partly in cash and partly in New Shares. Please read carefully the instructions below and the instructions printed on the Election Form.

If you wish to receive your Final Dividend wholly in cash, you DO NOT need to take any action and **DO NOT** need to return the Election Form. Shareholders who do not make an election to receive their Final Dividend in New Shares will receive their Final Dividend in cash.

If you wish to receive your Final Dividend wholly in New Shares, please just SIGN, DATE and RETURN the Election Form.

If you wish to receive your Final Dividend partly in cash and partly in New Shares, you should fill in Box C of the Election Form the number of registered Shares you held on the Record Date for which you wish your Final Dividend to be paid in New Shares and then **SIGN, DATE and RETURN** the Election Form.

If you do not specify the number of Shares in respect of which you wish to receive New Shares, or if you elect to receive New Shares in respect of a greater number of Shares than your registered holding as at the Record Date, you will be deemed to have exercised your election to receive only New Shares in respect of all the Shares registered in your name on the Record Date. Therefore, you will receive only New Shares for the Final Dividend.

LETTER FROM THE BOARD

The enclosed Election Form should be completed in accordance with the instructions printed thereon and you should return the same to the Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, **by 4:30 p.m. on Friday, 28 June 2024**. The deadline for submission of Election Forms will be adjusted if there is a tropical cyclone warning signal no. 8 or above, a "black" rainstorm warning or "extreme conditions" announced by the Government (which may be made in the case where a Super Typhoon or other natural disasters of a substantial scale seriously affects the working public to resume work or bring safety concern for a prolonged period):

- (a) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Friday, 28 June 2024. Instead the deadline for submission of Election Forms will be 5:00 p.m. on the same business day; or
- (b) in force in Hong Kong at any local time between 12:00 noon and 4:30 p.m. on Friday, 28 June 2024. Instead the deadline for submission of Election Forms will be rescheduled to 4:30 p.m. on the next business day which does not have any of those warnings in force at any time between 9:00 a.m. and 4:30 p.m.

Failure to complete and return the Election Form in accordance with the instructions printed thereon will result in the relevant Eligible Shareholder's Final Dividend being paid wholly in the form of cash. Election in respect of the Final Dividend cannot be in any way withdrawn, revoked, superseded, or altered after the relevant Election Form is signed and lodged with the Company's Hong Kong Branch Share Registrar. No acknowledgement of receipt of the Election Form will be issued.

SHAREHOLDERS RESIDENT OUTSIDE HONG KONG

According to the register of members of the Company, as at the Record Date, there were two Overseas Shareholders with registered addresses in jurisdictions outside Hong Kong, namely, one in the People's Republic of China and one in Singapore. Based on the relevant legal opinions obtained and/or on account of the relevant legal and/or regulatory restrictions and/or requirements as at the Latest Practicable Date, such Overseas Shareholders are eligible to participate in the Scrip Dividend Scheme.

Further, as at the Record Date, an aggregate of 363,294,245 Shares, representing approximately 10.82% of the existing issued share capital of the Company, were held through the China Securities Depository and Clearing Corporation Limited ("**ChinaClear**") as nominee under Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (the "**PRC Southbound Trading Investors**").

LETTER FROM THE BOARD

Pursuant to the Frequently Asked Questions Series 29 issued by the Stock Exchange on 17 November 2014 and updated on 4 November 2016 and 13 July 2018 and in May 2024 on the interpretation of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), investors from the People’s Republic of China (which for the purpose of this circular, excludes Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan) who are PRC Southbound Trading Investors can participate in the Scrip Dividend Scheme through ChinaClear. ChinaClear will provide nominee services for the PRC Southbound Trading Investors to elect to receive the New Shares in respect of all or part of his/her holding of Shares in accordance with the relevant laws and regulations.

The PRC Southbound Trading Investors should seek advice from their intermediary (including broker, custodian, nominee or ChinaClear participants) and/or other professional advisers for details of the logistical arrangements as required by ChinaClear, and provide instructions with such intermediary in relation to the election to receive the New Shares.

Singapore

This circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this circular, the Election Form and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the New Shares may not be circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an existing holder of Shares on the Record Date pursuant to Section 273(1)(cd) of the Securities and Futures Act 2001 of Singapore (the “**SFA**”) or (ii) otherwise pursuant to, and in accordance with the conditions of, an exemption under any provision of Subdivision (4) of Division 1 of Part 13 of the SFA.

Notification under Section 309B(1) of the SFA – The New Shares are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in Monetary Authority of Singapore Notice SFA 04-N12: Notice on the Sale of Investment Products and Monetary Authority of Singapore Notice FAA-N16: Notice on Recommendations on Investment Products).

LETTER FROM THE BOARD

General

The Scrip Dividend Scheme is made in compliance with the laws of Hong Kong and with all other relevant codes, rules and other requirements that apply to the Scrip Dividend Scheme in Hong Kong. All Shareholders resident outside Hong Kong should consult their professional advisers as to whether or not they are permitted to participate in the Scrip Dividend Scheme or whether any government or other consent is required or other formalities need to be observed. No Shareholder receiving a copy of this circular and/or an Election Form in any territory outside Hong Kong may treat the same as an invitation to elect for Shares unless in the relevant territory such invitation could lawfully be made to him/her/it without the Company having to comply with any registration or other legal requirements, governmental or regulatory procedures or any other similar formalities. It is the responsibility of any Shareholder outside Hong Kong who wishes to receive New Shares under the Scrip Dividend Scheme to comply with the laws of the relevant jurisdictions including procedures or any other similar formalities. Persons who receive New Shares in lieu of cash dividend must also comply with any restrictions on the resale of Shares which may apply outside Hong Kong.

ADJUSTMENTS TO CONVERSION PRICE UNDER THE CONVERTIBLE BONDS

In accordance with the terms and conditions of the Convertible Bonds, the conversion price of the Convertible Bonds shall be subject to adjustment upon, among other things, capital distribution made by the Company (including the payment of a cash dividend) or the issue of shares by way of a scrip dividend (the “**Adjustment Event**”). As such, the payment of the Final Dividend and the issue of New Shares under the Scrip Dividend Scheme may result in an adjustment to the conversion price of the Convertible Bonds.

If the Adjustment Event is triggered as a result of the payment of the Final Dividend and/or the allotment of the New Shares pursuant to the Scrip Dividend Scheme, adjustment will be made to the conversion price of the Convertible Bonds and a further announcement will be made by the Company in this regard.

LETTER FROM THE BOARD

BOOK CLOSURE PERIOD

The register of members of the Company was closed from Tuesday, 4 June 2024 to Thursday, 6 June 2024, both days inclusive, for the purpose of determining Shareholders who qualify for the Final Dividend.

CONDITIONS OF SCRIP DIVIDEND SCHEME

The Scrip Dividend Scheme is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares.

In the unlikely event that the above condition is not satisfied, the Scrip Dividend Scheme will not become effective and the Election Forms will be void, and the Final Dividend will then be paid wholly in cash.

SHARE CERTIFICATES AND STOCK EXCHANGE LISTING

Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the New Shares. It is expected that the share certificates for the New Shares and cheques for cash dividends will be sent by ordinary mail to Shareholders at their own risk on or about Friday, 12 July 2024. The first day of dealings in the New Shares on the Stock Exchange is expected to be on or about Monday, 15 July 2024.

The Shares are listed on and dealt in the Stock Exchange. No part of the share capital or debt securities of the Company is listed or dealt in on any other stock exchange and the Company is not currently seeking to list its securities or debt securities on any other stock exchange.

LETTER FROM THE BOARD

CENTRAL CLEARING AND SETTLEMENT SYSTEM

Subject to the granting of the listing of, and permission to deal in, the New Shares to be issued under the Scrip Dividend Scheme on the Stock Exchange, such New Shares to be issued by the Company will be admitted as eligible securities by Hong Kong Securities Clearing Company Limited for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by Hong Kong Securities Clearing Company Limited. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek the advice of their stockbroker or other professional adviser for details of these settlement arrangements and how such arrangements will affect their rights and interests.

GENERAL

New Shares issued to the Eligible Shareholders pursuant to an election to receive some or all of their Final Dividend in New Shares may be allocated in odd lots (of less than a board lot of 1,000 Shares). No special dealing arrangements will be put in place by the Company to facilitate the trading or disposal of New Shares issued in odd lots. Eligible Shareholders should be aware that odd lots usually trade at a discount to the price of board lots.

Whether or not it is to your advantage to receive cash or the New Shares, in whole or in part, depends upon your own individual circumstances, and the decision in this regard and all effects resulting therefrom are the sole responsibility of each Shareholder. If you are in doubt as to what to do, you should consult your professional advisers.

Shareholders who are trustees are recommended to take professional advice as to whether the choice of New Shares is within their powers and as to its effect having regard to the terms of the relevant trust instrument.

Yours faithfully,
By Order of the Board
Towngas Smart Energy Company Limited
Elsa Wong Lai-kin
Company Secretary