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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)

**REVISION OF ANNUAL CAP AMOUNTS FOR
CONTINUING CONNECTED TRANSACTIONS
UNDER THE MASTER ENGINEERING WORKS AND
CONSULTATION SERVICES AGREEMENT**

Reference is made to the announcement of the Company dated 12 December 2023 in relation to, among other matters, the Master Engineering Works and Consultation Services Agreement entered into between the Company and HKCG with respect to (among other things) the Engineering Works and Consultation Provision Services Transactions for a term commencing from 1 January 2024 to 31 December 2026. On 13 September 2024, the Company entered into the Supplemental Agreement with HKCG to amend the Master Engineering Works and Consultation Services Agreement by revising the Existing Annual Caps to the Revised Annual Caps. Save for such revision, all other terms and conditions of the Master Engineering Works and Consultation Services Agreement remain unchanged.

As HKCG is a controlling shareholder of the Company, members of the HKCG Group are connected persons of the Company under the Listing Rules. The entering into of the Supplemental Agreement and the Engineering Works and Consultation Provision Services Transactions contemplated under the Master Engineering Works and Consultation Services Agreement (as amended by the Supplemental Agreement) therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Revised Annual Caps are more than 0.1% but all of them are less than 5%, the revision of the Existing Annual Caps to the Revised Annual Caps under the Supplemental Agreement is subject to the reporting, announcement and annual review requirements but is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reference is made to the announcement of the Company dated 12 December 2023 in relation to, among other matters, the Master Engineering Works and Consultation Services Agreement entered into between the Company and HKCG with respect to (among other things) the Engineering Works and Consultation Provision Services Transactions for a term commencing from 1 January 2024 to 31 December 2026.

SUPPLEMENTAL AGREEMENT

On 13 September 2024, the Company entered into the Supplemental Agreement with HKCG to amend the Master Engineering Works and Consultation Services Agreement by revising the Existing Annual Caps to the Revised Annual Caps. Save for such revision, all other terms and conditions of the Master Engineering Works and Consultation Services Agreement remain unchanged.

Set out below are the principal terms of the Supplemental Agreement.

Date:

13 September 2024.

Parties:

- (i) The Company; and
- (ii) HKCG, the controlling shareholder of the Company.

Subject matter:

The maximum aggregate amounts receivable by the Group from the HKCG Group per annum in connection with the Engineering Works and Consultation Provision Services Transactions for the three years ending 31 December 2024, 31 December 2025 and 31 December 2026 set out in the Master Engineering Works and Consultation Services Agreement are amended as follows:

	For the year ending 31 December 2024	For the year ending 31 December 2025	For the year ending 31 December 2026
Existing Annual Caps	RMB136,000,000 (approximately HK\$149,549,000)	RMB142,000,000 (approximately HK\$156,147,000)	RMB142,000,000 (approximately HK\$156,147,000)
Revised Annual Caps	RMB400,000,000 (approximately HK\$439,850,000)	RMB400,000,000 (approximately HK\$439,850,000)	RMB400,000,000 (approximately HK\$439,850,000)

REASONS FOR REVISING THE EXISTING ANNUAL CAPS AND THE BASIS FOR DETERMINING THE REVISED ANNUAL CAPS

The actual amount received by the Group in respect of the Engineering Works and Consultation Provision Services Transactions for the period from 1 January 2024 to 30 June 2024 was approximately RMB55,800,000 (approximately HK\$61,359,000). To cooperate with the national new energy development strategy and the growing trend in energy consumption including green electricity, the Group will have opportunities to undertake more engineering construction business (including the provision of engineering services to members of the HKCG Group). The Group possesses the relevant qualifying certificates and professional service capabilities in areas such as distributed photovoltaic engineering design, engineering construction and operation management which enable the Group to provide safe, reliable and high quality engineering construction and operation and maintenance services to members of the HKCG Group, thereby improving project construction efficiency whilst ensuring project quality at the same time, and as such can achieve synergy for the Group.

Accordingly, the Company currently expects that the Existing Annual Caps provided for in the Master Engineering Works and Consultation Services Agreement will not be sufficient to meet the anticipated demand of the HKCG Group for the three years ending 31 December 2024, 31 December 2025 and 31 December 2026. The Company therefore entered into the Supplemental Agreement with HKCG on 13 September 2024 to amend the Master Engineering Works and Consultation Services Agreement by revising the Existing Annual Caps to the Revised Annual Caps.

The Revised Annual Caps have been determined with reference to:

- (a) the historical figures of the pipeline construction projects and other engineering works and consultation services provided to members of the HKCG Group;
- (b) the provision of engineering services to more members of the HKCG Group as a result of the growth in business of the Group; and
- (c) the development plans of the Group to cooperate with the national carbon peak and carbon neutrality targets.

The Directors (including the independent non-executive Directors) consider that the Engineering Works and Consultation Provision Services Transactions are and will continue to be conducted in the ordinary and usual course of business of the Group, the terms of the Supplemental Agreement and the Engineering Works and Consultation Provision Services Transactions contemplated under the Master Engineering Works and Consultation Services Agreement (as amended by the Supplemental Agreement) are on normal commercial terms, and such terms and the Revised Annual Caps are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

INFORMATION ON THE HKCG GROUP AND THE GROUP

The principal activities of HKCG and its subsidiaries 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 (“**Henderson Land**”), which is a company listed on the Stock Exchange (Stock Code: 12), is a controlling shareholder of HKCG and through its various wholly-owned subsidiaries holds approximately 41.53% of the total issued shares of HKCG as at the date of this announcement. Henderson Land is an investment holding company and its subsidiaries are principally engaged in the businesses of property development and investment, construction, project management, property management, hotel operation, department store operation and investment holding. The shareholding information of Henderson Land is available on the Stock Exchange’s website (<https://www.hkexnews.hk>).

The Company is an investment holding company and the principal business activities of its subsidiaries are the sales of piped gas, renewable energy 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.

LISTING RULES IMPLICATIONS

As HKCG is a controlling shareholder of the Company, members of the HKCG Group are connected persons of the Company under the Listing Rules. The entering into of the Supplemental Agreement and the Engineering Works and Consultation Provision Services Transactions contemplated under the Master Engineering Works and Consultation Services Agreement (as amended by the Supplemental Agreement) therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Revised Annual Caps are more than 0.1% but all of them are less than 5%, the revision of the Existing Annual Caps to the Revised Annual Caps under the Supplemental Agreement is subject to the reporting, announcement and annual review requirements but is exempt from the circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

As (i) Dr. the Hon. Lee Ka-kit, a Director, is deemed interested in approximately 41.53% of the total number of issued shares in HKCG, and (ii) Dr. the Hon. Lee Ka-kit, Mr. Peter Wong Wai-ye and Dr. the Hon. Moses Cheng Mo-chi, all being Directors, are also directors of HKCG, each of them has abstained from voting on the board resolutions to approve the Supplemental Agreement and the Revised Annual Caps. Save as disclosed above, none of the Directors has a material interest in the Supplemental Agreement and the transactions contemplated thereunder.

DEFINITIONS

“ Company ”	Towngas Smart Energy Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1083)
“ Director(s) ”	the director(s) of the Company

“Engineering Works and Consultation Provision Services Transactions”	the provision of engineering work and consultation services, including but not limited to non-excavation engineering work services, pipeline positioning measurement services, bidding agency services, cost consultation services, sale of innovative tools, urban pipeline engineering services, water supply, drainage and heating engineering work services, technical consultation services for engineering projects and pipeline inspection services by members of the Group to members of the HKCG Group
“Existing Annual Caps”	the maximum aggregate amount receivable by the Group from the HKCG Group per annum in connection with the Engineering Works and Consultation Provision Services Transactions for the three years ending 31 December 2024, 31 December 2025 and 31 December 2026 provided for in the Master Engineering Works and Consultation Services Agreement, the particulars of which are set out in the section headed “SUPPLEMENTAL AGREEMENT – Subject matter” in this announcement
“Group”	the Company and its subsidiaries
“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 and associates (as defined under the Listing Rules), excluding the Group
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Master Engineering Works and Consultation Services Agreement”	the agreement dated 12 December 2023 entered into between the Company and HKCG relating to (among other things) the Engineering Works and Consultation Provision Services Transactions, details of which are set out in the section headed “THE CCT MASTER AGREEMENTS – The Master Engineering Work and Consultation Services Agreement” in the announcement of the Company dated 12 December 2023
“PRC”	People’s Republic of China which, for the purpose of this announcement excludes Hong Kong, the Macao Special Administrative Region and Taiwan

“ Revised Annual Caps ”	the revised maximum aggregate amount receivable by the Group from the HKCG Group per annum in connection with the Engineering Works and Consultation Provision Services Transactions for the three years ending 31 December 2024, 31 December 2025 and 31 December 2026, the particulars of which are set out in the section headed “SUPPLEMENTAL AGREEMENT – Subject matter” in this announcement
“ RMB ”	Renminbi, the lawful currency of the PRC
“ Stock Exchange ”	The Stock Exchange of Hong Kong Limited
“ Supplemental Agreement ”	the supplemental agreement dated 13 September 2024 entered into between the Company and HKCG to amend the Master Engineering Works and Consultation Services Agreement
“ % ”	per cent

By Order of the Board of Directors
Elsa Wong Lai-kin
Company Secretary

Hong Kong, 13 September 2024

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

Non-Executive Directors:

LEE Ka-kit (*Chairman*)

Kenneth LIU Kai-lap

Independent Non-Executive Directors:

Moses CHENG Mo-chi

Brian David LI Man-bun

Christine LOH Kung-wai

Executive Directors:

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

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

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

In this announcement, RMB has been converted to HK\$ at the rate of RMB0.9094 = 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.