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香港中華煤氣有限公司  
THE HONG KONG AND CHINA GAS COMPANY LIMITED  
*(Incorporated in Hong Kong under the Companies Ordinance with limited liability)*  
(Stock Code: 3)



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)

## JOINT VOLUNTARY ANNOUNCEMENT

### MEMORANDUM OF UNDERSTANDING FOR EXIT OF TOWNGAS SMART ENERGY COMPANY LIMITED FROM ITS INVESTMENT IN SHANGHAI GAS CO., LTD.\*

On 16 March 2023, TSEL entered into a legally binding MOU with Shenergy Group and Shanghai Gas, pursuant to which the Parties agreed to the exit of TSEL from its entire investment of 25% equity interest in Shanghai Gas through a reduction of the capital of Shanghai Gas by the amount held by TSEL, the specific arrangements of which are subject to a definitive agreement to be signed between the Parties.

**As the Exit is subject to, among other things, agreement by the Parties to the MOU on the specific arrangements (including the consideration payable to TSEL) and signing of a definitive agreement, it may or may not materialise. Further announcement(s) will be made as and when appropriate or required by the Listing Rules. Shareholders and potential investors of HKCG and TSEL should exercise caution when dealing in the securities of HKCG and TSEL.**

Unless otherwise defined in this announcement or the context requires otherwise, capitalised terms used in this announcement have the same meanings as those defined in the joint announcement of HKCG and TSEL dated 27 October 2020.

#### **MOU**

On 16 March 2023, TSEL entered into a legally binding MOU with Shenergy Group and Shanghai Gas, pursuant to which the Parties agreed to the exit of TSEL from its entire investment of 25% equity interest in Shanghai Gas through a reduction of the capital of Shanghai Gas by the amount held by TSEL, the specific arrangements of which are subject to a definitive agreement to be signed between the Parties. Shanghai Gas is owned as to 25% by TSEL and 75% by Shenergy Group. Such 25% equity interest (represented by RMB333,333,333 in the registered capital of Shanghai Gas) was acquired by TSEL through a capital contribution of RMB4,700,000,000 to Shanghai Gas completed in July 2021.

The consideration payable to TSEL for the Exit is to be agreed between the Parties to the MOU (and to be set out in the definitive agreement) based on a valuation of Shanghai Gas as at 28 February 2023 to be conducted by a valuer and approved by the required governmental supervisory authority. Pursuant to the MOU, from 1 March 2023, TSEL ceased to have any rights and responsibilities of a shareholder of Shanghai Gas, unless the Exit is not completed for any reason. The Parties agreed to submit the application documents in relation to the Exit to the relevant authorities before 30 June 2023. If the Exit is not completed by 31 December 2023, the MOU will be automatically terminated unless agreed otherwise between the Parties.

### ***Reasons for and benefits of the Exit***

In year 2022, Shanghai has gone through the COVID-19 pandemic. Shanghai Gas, as an important utility service provider of Shanghai, has made significant efforts and contributions in securing the supply of natural gas in Shanghai during and after the pandemic. At the moment, Shanghai is actively deploying comprehensive economic recovery measures after the pandemic. Shanghai Gas, as an important utility service provider, is actively performing its social responsibilities of, among others, securing the supply of natural gas and stabilising the energy costs. HKCG and TSEL, as utility service operators and partners of Shanghai Gas, witnessed and recognise the importance of such task and the enormity of the responsibilities.

In view of the above reasons and taking into account other factors, and after amicable negotiations between the Parties, it is agreed that given the current environment of recovery from the pandemic, the exit of TSEL from the equity interest in Shanghai Gas will give Shanghai Gas more room and flexibility for its operations at this critical and important moment, and therefore the above arrangement for TSEL to exit its 25% equity interest in Shanghai Gas has been made after amicable negotiations between the Parties. It is considered by the Parties that the above arrangement facilitates the continuing performance by Shanghai Gas of its social responsibilities and the supply of stable and affordable energy to the public in Shanghai, in order to be able to make due contributions to the economic recovery and development of Shanghai.

HKCG and TSEL witnessed the willingness of the relevant authorities of the Shanghai government, the Shenergy Group and Shanghai Gas in taking decisive actions in response to the impact of the pandemic on the livelihood of the community, and thereby strengthened the confidence in Shanghai in the future. The Exit will not affect the further establishment of in-depth strategic partnership between TSEL, Shenergy Group and Shanghai Gas. The Parties will establish deep and solid strategic relationships in the fields of, among others, natural gas resources and supply chain, renewable energy business, extended services, energy and low-carbon technology.

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## **DEFINITIONS**

<b>“Exit”</b>	the exit of TSEL from its 25% equity interest in Shanghai Gas through capital reduction of Shanghai Gas contemplated under the MOU
<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>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“MOU”</b>	the memorandum of understanding in relation to the exit of TSEL from Shanghai Gas dated 16 March 2023 and entered into between the Parties
<b>“Parties”</b>	Shenergy Group, Shanghai Gas and TSEL
<b>“PRC”</b>	the People’s Republic of China, which for the purpose of this announcement excludes the Hong Kong Special Administrative Region, the Macao Special Administrative Region and Taiwan
<b>“Shenergy Group”</b>	Shenergy (Group) Company Limited* (申能(集團)有限公司), a wholly state-owned enterprise incorporated in the PRC with limited liability
<b>“Shanghai Gas”</b>	Shanghai Gas Co., Ltd.* (上海燃氣有限公司), a company incorporated in the PRC with limited liability
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited

“TSEL”

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) and indirectly held as to approximately 66.36% by HKCG

By Order of the board of directors of  
**The Hong Kong and China Gas Company Limited**

**John Ho Hon-ming**

*Executive Director, Chief Financial Officer and  
Company Secretary*

By Order of the board of directors of  
**Towngas Smart Energy Company Limited**

**John Ho Hon-ming**

*Executive Director and Company Secretary*

Hong Kong, 16 March 2023

*As at the date of this announcement, the board of directors of HKCG comprises:*

*Non-executive Directors:* Dr. Lee Ka-kit (Chairman), Dr. Lee Ka-shing (Chairman),  
Dr. Colin Lam Ko-yin and Mr. Andrew Fung Hau-chung

*Independent Non-executive Directors:* Dr. the Hon. Sir David Li Kwok-po, Prof. Poon Chung-kwong  
and Dr. the Hon. Moses Cheng Mo-chi

*Executive Directors:* Mr. Peter Wong Wai-yee and Mr. John Ho Hon-ming

*As at the date of this announcement, the board of directors of TSEL comprises:*

*Non-executive Directors:* Dr. Lee Ka-kit (Chairman) and Mr. Liu Kai Lap Kenneth

*Independent Non-executive Directors:* Dr. the Hon. Moses Cheng Mo-chi, Mr. Brian David Li Man-bun,  
Mr. James Kwan Yuk-choi and Dr. Loh Kung Wai Christine

*Executive Directors:* Mr. Peter Wong Wai-yee (Chief Executive Officer),  
Mr. John Ho Hon-ming (Company Secretary),  
Mr. Martin Kee Wai-ngai (Chief Operating Officer – Gas Business) and  
Dr. John Qiu Jian-hang (Chief Operating Officer – Renewable Business)

*\* For identification purposes only*