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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

**If you have sold** all your shares in The Hong Kong and China Gas Company Limited, you should at once hand this document and the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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## **THE HONG KONG AND CHINA GAS COMPANY LIMITED**

*(Incorporated in Hong Kong under the Companies Ordinance)*

**(Stock Code: 3)**

**NOTICE OF ANNUAL GENERAL MEETING  
PROPOSALS FOR  
RE-ELECTION OF RETIRING DIRECTORS  
ISSUE OF BONUS SHARES  
AND  
RENEWAL OF THE GENERAL MANDATES  
TO ISSUE SHARES AND REPURCHASE SHARES**

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The notice convening the Annual General Meeting of The Hong Kong and China Gas Company Limited to be held at the Convention Hall, Hong Kong Convention and Exhibition Centre, 1 Harbour Road, Wanchai, Hong Kong on Tuesday, 5th June 2012 at 12:00 noon at which the above proposals will be considered is set out on pages 13 to 16. Whether or not you are able to attend the meeting, please complete and return the accompanying form of proxy as instructed as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting (or any adjournment thereof).

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26th April 2012

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## EXPECTED TIMETABLE

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2012

Latest time for lodging transfers for entitlement to the right to attend and vote at the Annual General Meeting . . . . .	4:30 p.m. on Thursday, 31st May
Book close period (both days inclusive) . . . . .	From Friday, 1st June to Tuesday, 5th June
Proxy forms for the Annual General Meeting to be returned by . . . . .	12:00 noon on Sunday, 3rd June
Record date for determination of entitlement to the right to attend and vote at the Annual General Meeting . . . . .	Tuesday, 5th June
Annual General Meeting . . . . .	12:00 noon on Tuesday, 5th June
Register re-opens . . . . .	Wednesday, 6th June
Latest date of dealing in Shares cum entitlements to the final dividend, special dividend and the Bonus Share Issue . . . . .	Wednesday, 6th June
First date of dealing in Shares ex entitlements to the final dividend, special dividend and the Bonus Share Issue . . . . .	Thursday, 7th June
Latest time for lodging transfers for entitlements to the final dividend, special dividend and the Bonus Share Issue . . . . .	4:30 p.m. on Friday, 8th June
Book close period (both days inclusive) . . . . .	From Monday, 11th June to Wednesday, 13th June
Record Date for determination of entitlements to the final dividend, special dividend and the Bonus Share Issue . . . . .	Wednesday, 13th June
Register re-opens . . . . .	Thursday, 14th June
Despatch of dividend cheques and certificates for Bonus Shares . . . . .	Thursday, 21st June
First date of dealing in Bonus Shares . . . . .	On or about Friday, 22nd June

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## DEFINITIONS

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*In this document and the appendices the following expressions have the following meanings unless the context otherwise requires:*

“Annual General Meeting”	the annual general meeting of the Company to be held on Tuesday, 5th June 2012 at 12:00 noon, notice of which is set out on pages 13 to 16 of this document
“Articles of Association”	the articles of association of the Company as altered from time to time
“Board”	the board of Directors
“Bonus Share Issue”	issue of Bonus Shares
“Bonus Shares”	the Shares proposed to be issued by way of bonus on the terms set out in this document
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	The Hong Kong and China Gas Company Limited
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Latest Practicable Date”	18th April 2012, being the latest practicable date prior to the printing of this document for ascertaining certain information contained herein
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Ordinance”	Companies Ordinance (Cap. 32 of the Laws of Hong Kong)
“Record Date”	Wednesday, 13th June 2012, being the date for determination of entitlements to the final dividend, special dividend and Bonus Shares
“Register”	the register of members of the Company
“Shareholders”	holders of Shares
“Shares”	shares of HK\$0.25 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region, The People’s Republic of China

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## LETTER FROM THE CHAIRMAN

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### THE HONG KONG AND CHINA GAS COMPANY LIMITED

*(Incorporated in Hong Kong under the Companies Ordinance)*

*Directors:*

Dr. the Hon. Lee Shau Kee, *Chairman* \*  
Mr. Leung Hay Man \*\*  
Mr. Colin Lam Ko Yin \*  
Dr. the Hon. David Li Kwok Po \*\*  
Mr. Lee Ka Kit \*  
Mr. Alfred Chan Wing Kin  
Mr. James Kwan Yuk Choi  
Mr. Lee Ka Shing \*  
Professor Poon Chung Kwong \*\*

*Registered Office:*

23rd Floor  
363 Java Road  
North Point  
Hong Kong

\* *non-executive director*

\*\* *independent non-executive director*

26th April 2012

*To the Shareholders*

Dear Sir or Madam,

**PROPOSALS FOR  
RE-ELECTION OF RETIRING DIRECTORS  
ISSUE OF BONUS SHARES  
AND  
RENEWAL OF THE GENERAL MANDATES  
TO ISSUE SHARES AND REPURCHASE SHARES**

**1. INTRODUCTION**

In the announcement dated 19th March 2012 of the audited results of the Company for the financial year ended 31st December 2011, the Directors proposed the Bonus Share Issue, details of which, together with a proposal to renew general mandates granted to the Directors to issue Shares and repurchase Shares are set out below. In addition, the purpose of this document is to give you notice of the Annual General Meeting to be convened for the purpose of considering and, if thought fit, passing resolutions to approve, *inter alia*, the re-election of retiring Directors, the Bonus Share Issue and the renewal of the general mandates to issue Shares and repurchase Shares.

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## LETTER FROM THE CHAIRMAN

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### 2. RE-ELECTION OF RETIRING DIRECTORS

According to the Articles of Association, one-third of the non-executive Directors and one-third of the executive Directors are subject to retirement by rotation at every annual general meeting. Pursuant to Article 97 of the Articles of Association, Mr. Lee Ka Kit, Mr. Lee Ka Shing, Professor Poon Chung Kwong, non-executive Directors, Mr. James Kwan Yuk Choi, an executive Director, are due to retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for reappointment. Details and brief biography of each of Mr. Lee Ka Kit, Mr. Lee Ka Shing, Professor Poon Chung Kwong and Mr. James Kwan Yuk Choi are set out in Appendix I to this document.

Professor Poon Chung Kwong has given an annual confirmation of his independence to the Company. The Board assessed and reviewed his annual confirmation of independence based on the independence criteria as set out in Rule 3.13 of the Listing Rules and considers him to be independent and believes that he should be re-elected.

### 3. ISSUE OF BONUS SHARES

The Directors recommend a bonus issue of Shares, credited as fully paid by way of capitalisation of part of the Company's share premium account, on the basis of one Bonus Share for every ten existing Shares held by Shareholders whose names are on the Register on the Record Date. The Bonus Shares will rank *pari passu* in all respects with the Shares from their date of issue except that they will not rank for any dividend declared or recommended by the Company in respect of the financial year ended 31st December 2011. Fractional entitlements to Bonus Shares will not be allotted to Shareholders and will be aggregated and sold for the benefit of the Company. As at the Latest Practicable Date, the number of Shares in issue was 7,900,554,136 Shares. On the basis of such figure, and assuming there is no issue or repurchase of Shares prior to the Record Date, the number of Bonus Shares to be issued is 790,055,413 Shares.

### 4. CONDITIONS OF THE BONUS SHARE ISSUE

The Bonus Share Issue is conditional upon:-

- (a) Shareholders approving Resolution 5(I) as set out in the notice of Annual General Meeting of the Company at the Annual General Meeting; and
- (b) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Bonus Shares.

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## LETTER FROM THE CHAIRMAN

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### 5. CLOSURE OF REGISTER OF MEMBERS

In order to determine entitlement of Shareholders to the right to attend and vote at the Annual General Meeting (or any adjournment thereof), the Register will be closed from Friday, 1st June 2012 to Tuesday, 5th June 2012, both days inclusive, during which period no share transfer will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 31st May 2012.

In order to determine Shareholders who qualify for the proposed Bonus Share Issue, final dividend and special dividend, the Register will be closed from Monday, 11th June 2012 to Wednesday, 13th June 2012, both days inclusive, during which period no share transfer will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, for registration no later than 4:30 p.m. on Friday, 8th June 2012.

### 6. TRADING ARRANGEMENTS

Application has been made to the Listing Committee of the Stock Exchange for listing of and permission to deal in the Bonus Shares. Subject to the granting of listing of and permission to deal on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Bonus Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date on which dealings in the Bonus Shares commence on the Stock Exchange or such other date as shall be determined by HKSCC. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Settlement of transactions between members of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter.

The Bonus Shares will be traded in board lots of 1,000 Shares each. It is expected that certificates for the Bonus Shares will be posted to Shareholders on Thursday, 21st June 2012 at their own risk and the first date of dealing in the Bonus Shares will be on or about Friday, 22nd June 2012.

The Shares are not listed or dealt in on any stock exchange other than the Stock Exchange. The Directors do not intend to apply for listing of or permission to deal in the Bonus Shares on any stock exchange other than the Stock Exchange.

Stamp duty in Hong Kong will be payable in respect of dealings in the Bonus Shares.

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## LETTER FROM THE CHAIRMAN

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### **7. RENEWAL OF THE GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES**

At the annual general meeting of the Company held on 3rd June 2011, ordinary resolutions were passed to renew the general mandates to the Board (i) to repurchase Shares, the aggregate nominal amount of which does not exceed 10 per cent of the aggregate nominal amount of the issued share capital of the Company as at 3rd June 2011; and (ii) to allot, issue and otherwise deal with additional Shares not exceeding, where the Shares are to be allotted wholly for cash, 10 per cent and in any event 20 per cent of the aggregate nominal amount of the share capital of the Company in issue on 3rd June 2011, together with the nominal amount (up to a maximum of 10 per cent of the aggregate nominal amount of the Company's issued share capital as at 3rd June 2011) of any Shares repurchased by the Company in accordance with (i) above, if any.

Pursuant to the Ordinance and the Listing Rules, these general mandates will lapse at the conclusion of the Annual General Meeting, unless renewed then. Resolutions set out as Resolutions 5(II), 5(III) and 5(IV) in the notice of Annual General Meeting will be proposed to renew these mandates. With reference to these resolutions, the Board wishes to state that they have no immediate plans to repurchase any Shares or to issue any new Shares or warrants pursuant to the relevant mandates.

As at the Latest Practicable Date, the number of Shares in issue was 7,900,554,136 Shares. On the basis of such figure and assuming there is no issue or repurchase of Shares prior to the date of the Annual General Meeting, the Company would be allowed under the general mandate to issue Shares to allot and issue up to 1,580,110,827 Shares representing 20 per cent of the issued share capital of the Company.

The explanatory statement required by the Listing Rules to be sent to Shareholders in connection with the resolution pertaining to the proposed renewal of the share repurchase mandate is set out in Appendix II to this document. This contains all the information reasonably necessary to enable Shareholders to make an informed decision on whether to vote for or against the resolution.

### **8. ANNUAL GENERAL MEETING**

The notice convening the Annual General Meeting to be held at the Convention Hall, Hong Kong Convention and Exhibition Centre, 1 Harbour Road, Wanchai, Hong Kong on Tuesday, 5th June 2012 at 12:00 noon is set out on pages 13 to 16. At the Annual General Meeting, ordinary resolutions numbered 3, 5(I), 5(II), 5(III) and 5(IV) will be proposed to re-elect the retiring Directors, to approve the Bonus Shares Issue, the renewal of the general mandate for the repurchase of Shares and the renewal of the general mandate to allot, issue and otherwise deal with additional Shares.



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## LETTER FROM THE CHAIRMAN

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A form of proxy for the Annual General Meeting is enclosed. Whether or not you are attending the meeting, please complete the form of proxy as instructed and return the same to the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event no later than 48 hours before the time appointed for holding the meeting. You can still attend and vote at the Annual General Meeting (or any adjournment thereof) even if you have completed and sent in a proxy form.

At the Annual General Meeting, the Chairman of the meeting will exercise his power under Article 70 of the Articles of Association to put each of the resolutions set out in the notice of Annual General Meeting to the vote by way of poll.

### 9. RECOMMENDATIONS

The Board believes that the re-election of the retiring Directors, the Bonus Share Issue and the renewal of the general mandates to repurchase Shares and to issue new Shares are in the interests of the Company and the Shareholders and accordingly recommends you to vote in favour of all the relevant resolutions to be proposed at the Annual General Meeting.

Yours faithfully,  
**Lee Shau Kee**  
*Chairman*

**Mr. LEE Ka Kit** J.P., *Non-executive Director*

Age 48. Mr. Lee was appointed to the Board in 1990. He was educated in the United Kingdom. He is a Vice Chairman of Henderson Land Development Company Limited (“Henderson Land Development”) and Henderson Investment Limited as well as a Director of Intime Department Store (Group) Company Limited, all of which are listed public companies. Save as disclosed, Mr. Lee did not hold any other directorships in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. Mr. Lee is a Member of the National Committee of the Chinese People’s Political Consultative Conference and a Vice Chairman of the Subcommittee for Economic Affairs of the National Committee. He was awarded an Honorary University Fellowship by The University of Hong Kong in 2009. Mr. Lee is the son of Dr. Lee Shau Kee, the Chairman of the Company and the brother of Mr. Lee Ka Shing, a Non-executive Director of the Company.

Mr. Lee is also a Vice Chairman of Henderson Development Limited (“Henderson Development”). Henderson Land Development and Henderson Development have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance.

As at the Latest Practicable Date, Mr. Lee, as a discretionary beneficiary of discretionary trusts, is deemed to have an interest in 3,274,026,997 Shares (representing 41.44 per cent of the issued share capital of the Company) within the meaning of Part XV of the Securities and Futures Ordinance. He is also taken to be interested in 1,628,172,901 shares in Towngas China Company Limited (representing approximately 66.18 per cent of the issued share capital of Towngas China Company Limited), 9,500 shares in Lane Success Development Limited (representing 95 per cent of the issued share capital of Lane Success Development Limited) and 2 shares in Yieldway International Limited (representing 100 per cent of the issued share capital of Yieldway International Limited), all of which are associated corporations of the Company.

The term of office for Mr. Lee will expire on 31st December 2014 and he is subject to retirement by rotation and reappointment in accordance with the Articles of Association. The director’s fee payable to him was and shall be reviewed by the remuneration committee of the Company on an annual basis. His director’s fee is determined with reference to his duties and responsibilities. For the financial year ended 31st December 2011, Mr. Lee received a fixed remuneration of HK\$160,000 as director’s fee from the Company.

Save as disclosed above, there is no information to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules nor are there other matters in relation to Mr. Lee’s re-election that need to be brought to the attention of the Shareholders.

**Mr. LEE Ka Shing** *Non-executive Director*

Age 40. Mr. Lee was appointed to the Board in 1999. He was educated in Canada. He is a Vice Chairman of Henderson Land Development Company Limited (“Henderson Land Development”) and Henderson Investment Limited and Managing Director of Miramar Hotel and Investment Company, Limited, all of which are listed public companies. Save as disclosed, Mr. Lee did not hold any other directorships in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. Mr. Lee is a Member of the Tenth Guangxi Zhuangzu Zizhiqu Committee of the Chinese People’s Political Consultative Conference and a Member of the Tenth Foshan Committee of the Chinese People’s Political Consultative Conference. Mr. Lee is the son of Dr. Lee Shau Kee, the Chairman of the Company and the brother of Mr. Lee Ka Kit, a Non-executive Director of the Company.

Mr. Lee is also a Vice Chairman of Henderson Development Limited (“Henderson Development”) and a Director of Disralei Investment Limited (“Disralei Investment”), Medley Investment Limited (“Medley Investment”), Faxson Investment Limited (“Faxson Investment”), Chelco Investment Limited (“Chelco Investment”) and Macrostar Investment Limited (“Macrostar Investment”). Henderson Land Development, Henderson Development, Disralei Investment, Medley Investment, Faxson Investment, Chelco Investment and Macrostar Investment have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance.

As at the Latest Practicable Date, Mr. Lee, as a discretionary beneficiary of discretionary trusts, is deemed to have an interest in 3,274,026,997 Shares (representing 41.44 per cent of the issued share capital of the Company) within the meaning of Part XV of the Securities and Futures Ordinance. He is also taken to be interested in 1,628,172,901 shares in Towngas China Company Limited (representing approximately 66.18 per cent of the issued share capital of Towngas China Company Limited), 9,500 shares in Lane Success Development Limited (representing 95 per cent of the issued share capital of Lane Success Development Limited) and 2 shares in Yieldway International Limited (representing 100 per cent of the issued share capital of Yieldway International Limited), all of which are associated corporations of the Company.

The term of office for Mr. Lee will expire on 31st December 2014 and is subject to retirement by rotation and reappointment in accordance with the Articles of Association. The director’s fee payable to him was and shall be reviewed by the remuneration committee of the Company on an annual basis. His director’s fee is determined with reference to his duties and responsibilities. For the financial year ended 31st December 2011, Mr. Lee received a fixed remuneration of HK\$160,000 as director’s fee from the Company.

Save as disclosed above, there is no information to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules nor are there other matters in relation to Mr. Lee’s re-election that need to be brought to the attention of the Shareholders.

**Professor POON Chung Kwong** G.B.S., J.P., Ph.D., D.Sc., *Independent Non-executive Director*

Aged 72. Professor Poon was appointed to the Board in 2009. He is a President Emeritus of The Hong Kong Polytechnic University and had devoted 40 years of his life to advancing university education in Hong Kong before he retired in January 2009 from his 18-year presidency at The Hong Kong Polytechnic University. Professor Poon is a non-executive director of Lee & Man Paper Manufacturing Limited and an independent non-executive director of Hopewell Highway Infrastructure Limited and K. Wah International Holdings Limited, all of which are listed public companies. Save as disclosed, Professor Poon did not hold any other directorships in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. Professor Poon received the OBE award in 1991, the Gold Bauhinia Star (GBS) award in 2002 and also the “Leader of the Year Awards 2008 (Education)” and the Honorary Degree of Doctor of Humanity from The Hong Kong Polytechnic University in 2009. In addition, Professor Poon has been a member of the National Committee of the Chinese People’s Political Consultative Conference since 1998. He is also the Honorary Professor of a number of top-rated universities in the Mainland China.

As at the Latest Practicable Date, Professor Poon has personal interest of 48,315 Shares jointly held with his spouse (representing less than 0.01 per cent of the issued share capital of the Company) within the meaning of Part XV of the Securities and Futures Ordinance. Save as disclosed herein, Professor Poon has no relationship with any Directors, senior management or substantial or controlling shareholders of the Company.

The term of office for Professor Poon will expire on 31st December 2014 and he is subject to retirement by rotation and reappointment in accordance with the Articles of Association. The director’s fee payable to him was and shall be reviewed by the remuneration committee of the Company on an annual basis. His director’s fee and other emoluments are determined with reference to his duties and responsibilities. For the financial year ended 31st December 2011, Professor Poon received a fixed remuneration of HK\$320,000 as director’s fee and other emoluments less than HK\$2,000 from the Company.

Save as disclosed above, there is no information to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules nor are there other matters in relation to Professor Poon’s re-election that need to be brought to the attention of the Shareholders.

**Mr. James KWAN Yuk Choi** J.P., C.Eng., F.H.K.I.E., F.I.G.E.M., F.I.Mech.E., F.E.I., F.C.I.B.S.E., M.B.A., B.Sc. (Eng), *Executive Director and Chief Operating Officer*

Age 60. Mr. Kwan joined the Engineering Division of the Company in 1975 and subsequently became the head of Engineering Planning & Development Department and Marketing Department of the Company. He was promoted to the General Manager – Engineering in 1989. Mr. Kwan was appointed to the Board in January 1997, as the Director & General Manager – Marketing & Customer Service in May 1997, as the Executive Director – Commercial in July 2002 and took up his present position in January 2003. Mr. Kwan is a Director of Towngas China Company Limited (“Towngas China”) and Shenzhen Gas Corporation Ltd., both of which are listed public companies. Save as disclosed, Mr. Kwan did not hold any other directorships in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. Kwan is a director of major local and overseas subsidiary companies of the Group. He is also a Director and Deputy President of Hong Kong & China Gas Investment Limited, the Group’s investment holding company in mainland China and a Director of the Group’s several joint venture companies in mainland China. Mr. Kwan was awarded an Honorary Fellowship by The Hong Kong University of Science and Technology in 2011. He is currently a member of Construction Industry Council, a member of the Governing Council of the Hong Kong Quality Assurance Agency, a member of Transport Advisory Committee and a member of the Vocational Training Council of the Hong Kong Special Administrative Region and a member of the Twelfth Nanjing Committee of the Chinese People’s Political Consultative Conference. He was the President of The Institution of Gas Engineers UK (currently known as The Institution of Gas Engineers & Managers) in 2000/2001 and The Hong Kong Institution of Engineers in 2004/2005. Mr. Kwan is a Chartered Engineer, Fellow of The Hong Kong Institution of Engineers; Fellow of The Institution of Mechanical Engineers, Fellow of The Institution of Gas Engineers & Managers, Fellow of The Energy Institute and Fellow of Chartered Institution of Building Services Engineers of the United Kingdom.

As at the Latest Practicable Date, Mr. Kwan has personal interest of 53,146 Shares and family interest of 60,214 Shares (both representing less than 0.01 per cent of the issued share capital of the Company) within the meaning of Part XV of the Securities and Futures Ordinance. He also has interest in 3,015,000 share options granted by Towngas China, an associated corporation of the Company, with a right to subscribe for 3,015,000 shares of Towngas China (representing approximately 0.12 per cent of the issued share capital of Towngas China). Save as disclosed herein, Mr. Kwan has no relationship with any Directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Kwan has no fixed nor proposed term of director’s service but he is subject to retirement by rotation and reappointment in accordance with the Articles of Association. The director’s fee payable to him was and shall be reviewed by the remuneration committee of the Company on an annual basis. His director’s fee and other emoluments are determined with reference to his duties and responsibilities and the Company’s performance and profitability. For the financial year ended 31st December 2011, Mr. Kwan received a fixed remuneration of HK\$160,000 as director’s fee and other emoluments of approximately HK\$14,455,000 from the Company.

Save as disclosed above, there is no information to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules nor are there other matters in relation to Mr. Kwan’s re-election that need to be brought to the attention of the Shareholders.

The following is the explanatory statement required to be sent to Shareholders under the Listing Rules in connection with the proposed renewal of the general mandate for the repurchase of Shares and also constitutes the memorandum required under section 49BA of the Ordinance. References in this statement to “Shares” means share(s) of all classes in the capital of the Company and includes shares of HK\$0.25 each and securities issued by the Company which carry a right to subscribe or purchase shares in the capital of the Company.

- (i) The resolution set out as Resolution 5(II) in the notice convening the Annual General Meeting which will be proposed as an ordinary resolution at that meeting, relates to the renewal of a general mandate to Directors to repurchase on the Stock Exchange fully-paid up Shares representing up to 10 per cent of the Shares in issue as at the date of such resolution. As at the Latest Practicable Date, the number of Shares in issue was 7,900,554,136 Shares. On the basis of such figure and assuming there is no issue or repurchase of Shares prior to the date of the Annual General Meeting, the Directors would be authorised to repurchase up to 790,055,413 Shares.
- (ii) The Directors believe that the ability to repurchase Shares is in the best interests of the Company and its Shareholders.

Repurchases may, depending on the circumstances, result in an increase in net assets per Share and/or earnings per Share. The Directors are seeking the renewal of a general mandate to repurchase Shares to give the Company the flexibility to do so if and when appropriate. The Directors will decide the number(s) and class(es) of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased at the relevant time having regard to the circumstances then pertaining.

- (iii) It is envisaged that any repurchase would be funded from the distributable profits of the Company in accordance with the Articles of Association and the laws of Hong Kong.
- (iv) The working capital or gearing position of the Company could be adversely affected (as compared with the position disclosed in the Company’s most recently published audited accounts contained in the annual report for the financial year ended 31st December 2011) in the event that the proposed Share repurchases were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the general mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital or gearing position of the Company as is from time to time appropriate.
- (v) None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) presently intend to sell Shares to the Company in the event that the general mandate is renewed.

- (vi) The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases pursuant to the proposed general mandate in accordance with the Listing Rules and the laws of Hong Kong.
- (vii) As at the Latest Practicable Date, Dr. Lee Shau Kee, the Chairman, beneficially owned 4,723,440 Shares personally (representing 0.06 per cent of the total issued Shares). In addition, 3,274,026,997 Shares (representing 41.44 per cent of the total issued Shares) were beneficially owned by a subsidiary of Henderson Development Limited (“Henderson Development”), Fu Sang Company Limited (“Fu Sang”) and some of the subsidiaries of Faxson Investment Limited (“Faxson Investment”). Faxson Investment was a wholly-owned subsidiary of Henderson Land Development Company Limited, a subsidiary of Henderson Development. Rimmer (Cayman) Limited (“Rimmer”) as trustee of a discretionary trust held a majority of units in a unit trust (“Unit Trust”). Hopkins (Cayman) Limited (“Hopkins”) as trustee of the Unit Trust beneficially owned all the issued ordinary shares which carry the voting rights in the share capitals of Henderson Development and Fu Sang. Dr. Lee Shau Kee beneficially owned all the issued shares of Rimmer and Hopkins.
- (viii) Together with his personal shareholding in the Company, Dr. Lee Shau Kee was interested in 3,278,750,437 Shares (representing 41.50 per cent of the total issued Shares) as at the Latest Practicable Date. On this basis of such figure, if the repurchase mandate is exercised in full by the Company and assuming that Dr. Lee Shau Kee does not receive, acquire or dispose of any Shares, his percentage shareholding in the Company will amount to 46.11 per cent of the total issued Shares. Accordingly, under Rule 26 of the Hong Kong Code on Takeovers and Mergers, an obligation to make a general offer to Shareholders may arise as a result of an exercise of the mandate.
- (ix) The Company did not repurchase any Shares in the six months prior to the Latest Practicable Date (whether on the Stock Exchange or otherwise).
- (x) No “connected person” (as defined in the Listing Rules) has notified the Company that it has a present intention to sell Shares to the Company and no such persons have undertaken not to sell any Shares held by them to the Company in the event that the general mandate is renewed by the Shareholders.

- (xi) The highest and lowest prices at which the Shares traded on the Stock Exchange in the previous twelve months are as follows:

	<b>Highest</b> <i>(HK\$)</i>	<b>Lowest</b> <i>(HK\$)</i>
April 2011	17.618A	16.964A
May 2011	18.040	17.020
June 2011	18.180	17.000
July 2011	19.140	17.600
August 2011	19.360	16.700
September 2011	18.800	17.400
October 2011	18.000	16.680
November 2011	18.300	17.300
December 2011	18.200	17.320
January 2012	18.480	17.700
February 2012	19.840	18.020
March 2012	20.650	19.100
April 2012 (up to the Latest Practicable Date)	20.500	19.800

A – adjusted for the bonus issue 1 for 10 with ex-date 23rd May 2011.

(In case of discrepancy between the original English version and the Chinese translation of this document, the English version shall prevail.)



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## NOTICE OF ANNUAL GENERAL MEETING

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### THE HONG KONG AND CHINA GAS COMPANY LIMITED

*(Incorporated in Hong Kong under the Companies Ordinance)*

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of The Hong Kong and China Gas Company Limited (the “Company”) will be held at the Convention Hall, Hong Kong Convention and Exhibition Centre, 1 Harbour Road, Wanchai, Hong Kong on Tuesday, 5th June 2012 at 12:00 noon for the following purposes:

1. To receive and consider the audited accounts for the financial year ended 31st December 2011 and the reports of the Directors and Auditor thereon.
2. To declare a final dividend and a special dividend.
3. To re-elect Directors.
4. To re-appoint PricewaterhouseCoopers as Auditor of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorise the Directors of the Company to fix its remuneration.
5. As special business, to consider and, if thought fit, pass the following resolutions as ordinary resolutions:

#### **Ordinary Resolutions**

- (I) “**THAT** conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Listing Committee”) granting listing of and permission to deal in the new shares of HK\$0.25 each in the capital of the Company to be issued pursuant to this Resolution (“Bonus Shares”), and upon the recommendation of the Directors of the Company, an amount standing to the credit of the share premium account of the Company which is equal to one-tenth of the aggregate nominal amount of the share capital of the Company in issue on 13th June 2012 be capitalised and the Directors of the Company be and are hereby authorised to apply such sum in paying up in full at par such number of Bonus Shares in the capital of the Company which is equal to one-tenth of the number of shares in the Company in issue on 13th June 2012 to be allotted and credited as fully paid to and among the shareholders of the Company whose names are on the register of members on 13th June 2012 on the basis of one Bonus Share for every ten shares in the Company held by such shareholders of the Company on such date and that the Bonus Shares to be allotted and issued pursuant to this Resolution shall rank *pari passu* in all respects with the existing issued shares in the Company except that they will not be entitled to participate in any dividend declared or recommended by the

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## NOTICE OF ANNUAL GENERAL MEETING

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Company in respect of the financial year ended 31st December 2011 and that the Directors of the Company be and are hereby authorised to deal with any fractions arising from the distribution by the sale of the Bonus Shares representing such fractions and to retain the net proceeds for the benefit of the Company and further that the Directors of the Company be and are hereby authorised to do all acts and things as may be necessary and expedient in connection with the issue of the Bonus Shares.”

(II) **“THAT**

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period of all the powers of the Company to purchase Shares be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which may be purchased pursuant to the approval in paragraph (a) above shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution, and the said approval shall be limited accordingly; and
- (c) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or by law to be held; and
- (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting;

“Shares” means shares of all classes in the capital of the Company and warrants and other securities which carry a right to subscribe or purchase shares of the Company.”

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## NOTICE OF ANNUAL GENERAL MEETING

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(III) **“THAT**

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period of all the powers of the Company to allot, issue and otherwise deal with additional Shares and to make, issue or grant offers, agreements, options and warrants which will or might require Shares to be allotted, issued or disposed of during or after the end of the Relevant Period be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue, or (ii) the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into Shares, shall not exceed, where the Shares are to be allotted wholly for cash, 10 per cent and in any event 20 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution; and
- (c) for the purpose of this Resolution:

the expressions “Relevant Period” and “Shares” shall have the same meaning as assigned to them under Resolution 5(II) set out in the Notice of Annual General Meeting of which this Resolution forms part, with references to “this Resolution” in the definition of “Relevant Period” being construed as references to this Resolution 5(III); and

“Rights Issue” means the allotment, issue or grant of shares in the Company open for a period fixed by the Directors of the Company to holders of shares of the Company or any class thereof on the register of members on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

- (IV) **“THAT** conditional upon the passing of Resolutions 5(II) and 5(III) set out in the Notice of Annual General Meeting of which this Resolution forms part, the general mandate granted to the Directors of the Company pursuant to the said Resolution 5(III) for the time being in force to exercise the powers of the Company to allot, issue and otherwise deal with additional shares in the capital of the Company and to make, issue or grant offers, agreements, options and warrants which will or might require the exercise of such powers be and is

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## NOTICE OF ANNUAL GENERAL MEETING

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hereby extended by the addition to the aggregate nominal amount of share capital which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors of the Company pursuant to such general mandate an amount representing the aggregate nominal amount of shares in the capital of the Company purchased by the Company pursuant to the exercise by the Directors of the Company in accordance with the said Resolution 5(II) of the powers of the Company to purchase such shares, provided that such amount shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution.”

By Order of the Board

**JOHN H.M. HO**

*Chief Financial Officer and Company Secretary*

Hong Kong, 26th April 2012

*Notes:*

1. The Directors of the Company wish to state that they have no immediate plans to repurchase any existing shares in the Company or to issue any new shares or warrants in the Company (other than the issue of Bonus Shares).
2. Any member entitled to attend and vote at the meeting may appoint not more than two proxies to attend, and on a poll, to vote on his/her behalf. A proxy need not be a member of the Company. The proxy form and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be deposited with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, at least 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. At the Annual General Meeting, the Chairman of the meeting will exercise his power under Article 70 of the Articles of Association of the Company to put each of the resolutions set out in the Notice of Annual General Meeting to the vote by way of poll.
4. For the purpose of determining entitlement of shareholders to the right to attend and vote at the Annual General Meeting (or any adjournment thereof), the register of members of the Company will be closed from Friday, 1st June 2012 to Tuesday, 5th June 2012, both days inclusive, during which period no share transfer will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 31st May 2012.
5. For the purpose of determining shareholders who qualify for the proposed issue of Bonus Shares, final dividend and special dividend, the register of members of the Company will be closed from Monday, 11th June 2012 to Wednesday, 13th June 2012, both days inclusive, during which period no share transfer will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Friday, 8th June 2012.
6. If Resolutions 2 and 5(I) above are approved, the dividends will be payable on Thursday, 21st June 2012 and share certificates for the Bonus Shares will be despatched to the shareholders of the Company on the same day.