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

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

(Stock Code: 3)

### **APPLICATION OF EXEMPTION UNDER RULES 14A.31(9) AND 14A.33(4) OF THE LISTING RULES IN RESPECT OF CONTINUING CONNECTED TRANSACTIONS WITH QINSHUI LANYAN**

Reference is made to the announcement of the Company dated 31 December 2008 (the “**Announcement**”) in relation to the continuing connected transactions contemplated under the Coalbed Methane Contracts entered into between Shanxi JV (a non-wholly owned subsidiary of the Company), Qinshui Lanyan and Shanxi Jincheng (the “**Transactions**”).

The Company wishes to announce that it will apply the exemption under Rules 14A.31(9) and 14A.33(4) of the Listing Rules (which came into effect on 3 June 2010) to the Transactions.

With the application of the exemption under Rules 14A.31(9) and 14A.33(4) of the Listing Rules, the Transactions will be exempted from reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules from 3 June 2010 onwards so long as the Transactions meet the requirements in Rule 14A.31(9) of the Listing Rules.

### **BACKGROUND**

Reference is made to the Announcement in relation to the Transactions contemplated under the Coalbed Methane Contracts entered into between Shanxi JV (now known as 山西易高煤層氣有限公司 (Shanxi ECO Coalbed Gas Co., Ltd.\*)) (a non-wholly owned subsidiary of the Company), Qinshui Lanyan and Shanxi Jincheng, whereby Qinshui Lanyan agreed to supply coalbed methane to Shanxi JV for terms of 30 years with extension of another 20 years upon request by Shanxi JV on such a revised pricing as Qinshui Lanyan and Shanxi JV may agree. Unless the context otherwise requires, the terms used herein shall have the same meanings as defined in the Announcement.

As disclosed in the Announcement, the Transactions are on normal commercial terms and of a revenue nature in the Company's ordinary and usual course of business. Qinshui Lanyan and Shanxi Jincheng were at the time of the Coalbed Methane Contracts and have since remained connected persons of the Company solely by virtue of their relationships with Shanxi JV, a non-wholly owned subsidiary of the Company. The relevant percentage ratios applicable to Shanxi JV are less than 5%. Accordingly,

the Company can apply the exemption under Rules 14A.31(9) and 14A.33(4) of the Listing Rules to the Transactions.

#### **APPLICATION OF EXEMPTION**

The Company wishes to announce that it will apply the exemption under Rules 14A.31(9) and 14A.33(4) of the Listing Rules (which came into effect on 3 June 2010) to the Transactions.

With the application of the exemption under Rules 14A.31(9) and 14A.33(4) of the Listing Rules, the Transactions will be exempted from reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules from 3 June 2010 onwards so long as the Transactions meet the requirements in Rule 14A.31(9) of the Listing Rules.

By Order of the Board

**JOHN H.M. HO**

*Chief Financial Officer and Company Secretary*

Hong Kong, 21 October 2010

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

*Non-executive Directors:*

Dr. the Hon. Lee Shau Kee (Chairman),  
Mr. Colin Lam Ko Yin, Mr. Lee Ka Kit  
and Mr. Lee Ka Shing

*Independent Non-executive Directors:*

Mr. Leung Hay Man, Dr. the Hon.  
David Li Kwok Po and Professor Poon  
Chung Kwong

*Executive Directors:*

Mr. Alfred Chan Wing Kin and  
Mr. James Kwan Yuk Choi



*\* For identification purposes only*