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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**

The notice convening the Annual General Meeting of The Hong Kong and China Gas Company Limited to be held in Hong Kong on Monday, 19th May 2008 at noon at which the above proposals will be considered is set out on pages 11 to 14. 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.

24th April 2008

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EXPECTED TIMETABLE

2008

Latest date of dealing in Shares cum entitlements to the final dividend and the Bonus Share Issue	Friday, 2nd May
First date of dealing in Shares ex entitlements to the final dividend and the Bonus Share Issue	Monday, 5th May
Latest time for lodging transfers for entitlements to the final dividend and the Bonus Share Issue	4:30 p.m. on Tuesday, 6th May
Book close period (both days inclusive)	From Wednesday, 7th May to Friday, 9th May
Record Date for determination of entitlement to the final dividend and Bonus Share Issue and right to attend and vote at the Annual General Meeting	Friday, 9th May
Register re-opens	Tuesday, 13th May
Proxy forms for the Annual General Meeting to be returned by	Noon on Saturday, 17th May
Annual General Meeting	Noon on Monday, 19th May
Despatch of dividend cheques and certificates for Bonus Shares	Tuesday, 20th May
First date of dealing in Bonus Shares	On or about Thursday, 22nd May

DEFINITIONS

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 Monday, 19th May 2008 at noon, notice of which is set out on pages 11 to 14 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
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Latest Practicable Date”	18th April 2008, 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”	Friday, 9th May 2008, being the date for determination of entitlement to the final dividend and Bonus Shares, and right to attend and vote at the Annual General Meeting
“Register”	the register of members of the Company
“Shareholders”	holders of Shares
“Shares”	shares of \$0.25 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“\$”	Hong Kong dollars

LETTER FROM THE CHAIRMAN

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. Liu Lit Man **
Mr. Leung Hay Man **
Mr. Colin Lam Ko Yin *
Dr. The Hon. David Li Kwok Po **
Mr. Ronald Chan Tat Hung
Mr. Lee Ka Kit *
Mr. Alfred Chan Wing Kin
Mr. James Kwan Yuk Choi
Mr. Lee Ka Shing *

Registered Office:

23rd Floor
363 Java Road
North Point
Hong Kong

* *non-executive director*

** *independent non-executive director*

24th April 2008

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 26th March 2008 of the audited results of the Company for the financial year ended 31st December 2007, 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.

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, Dr. The Hon. Lee Shau Kee, Mr. Liu Lit Man and Mr. Leung Hay Man, non-executive Directors, and 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 Dr. The

LETTER FROM THE CHAIRMAN

Hon. Lee Shau Kee, Mr. Liu Lit Man, Mr. Leung Hay Man, and Mr. James Kwan Yuk Choi, are set out in Appendix I to this document.

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 2007. 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 6,059,635,986 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 605,963,598 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.

5. CLOSURE OF REGISTER OF MEMBERS

The Register will be closed from Wednesday, 7th May 2008 to Friday, 9th May 2008 (both days inclusive) in order to determine entitlements of Shareholders to the proposed final dividend for the financial year ended 31st December 2007 and Bonus Share Issue, and the right to attend and vote at the Annual General Meeting (or any adjournment thereof). In order to be entitled to attend and vote at the Annual General Meeting (or any adjournment thereof), and to qualify for the proposed final dividend and Bonus Share Issue, 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, Hong Kong not later than 4:30 p.m. on Tuesday, 6th May 2008.

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.

LETTER FROM THE CHAIRMAN

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 Tuesday, 20th May 2008 at their own risk and the first date of dealing in the Bonus Shares will be on or about Thursday, 22nd May 2008.

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.

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

At the annual general meeting of the Company held on 21st May 2007, 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 at the date of the relevant resolution; and (ii) to allot, issue and otherwise deal with 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 21st May 2007 and the nominal amount (up to a maximum of 10 per cent of the aggregate nominal amount of the Company's then issued share capital) of any Shares repurchased by the Company.

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 6,059,635,986 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 1,211,927,197 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 the 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.

LETTER FROM THE CHAIRMAN

8. ANNUAL GENERAL MEETING

The notice convening the Annual General Meeting to be held in the Four Seasons Grand Ballroom, Four Seasons Hotel, 8 Finance Street, Central, Hong Kong on Monday, 19th May 2008 at noon is set out on pages 11 to 14. 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.

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 Rooms 1806–1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, 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.

Pursuant to Article 70 of the Articles of Association, a resolution put to the vote at any general meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand of a poll) a poll is properly demanded. Subject to the Ordinance and the rules prescribed by the Stock Exchange from time to time, a poll may be demanded by:

- (a) the chairman of the general meeting; or
- (b) at least three Shareholders present in person or by proxy and entitled to vote; or
- (c) any Shareholder or Shareholders present in person or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all Shareholders having the right to attend and vote at the general meeting; or
- (d) any Shareholder or Shareholders present in person or by proxy and holding shares conferring a right to attend and vote at the general meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

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, 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 recommend you to vote in favour of all the relevant resolutions to be proposed at the Annual General Meeting.

Yours faithfully,
Lee Shau Kee
Chairman

Dr. The Hon. LEE Shau Kee G.B.M., D.B.A. (Hon.), D.S.Sc. (Hon.), LL.D.(Hon.),
Chairman & Non-executive Director

Aged 79. Dr. Lee was appointed to the Board of Directors of the Company in 1978 and subsequently appointed Chairman in 1983. He has been engaged in property development in Hong Kong for more than 50 years. Dr. Lee is the Chairman and Managing Director of Henderson Land Development Company Limited (“Henderson Land Development”) and Henderson Investment Limited, Chairman of Miramar Hotel and Investment Company, Limited, a Vice Chairman of Sun Hung Kai Properties Limited and a Director of Hong Kong Ferry (Holdings) Company Limited and The Bank of East Asia, Limited, all of which are listed public companies. He is also a Director of Henderson China Holdings Limited (being a listed company in Hong Kong until its privatisation on 15th August 2005). He served as a Director of Henderson Cyber Limited (being a listed company in Hong Kong until its privatisation on 12th December 2005) until his resignation in March 2007. Save as disclosed, Dr. Lee did not hold any directorship in other listed public companies in the last three years. Dr. Lee was awarded the Grand Bauhinia Medal by the Government of the Hong Kong Special Administrative Region in 2007. Dr. Lee is the father of Mr. Lee Ka Kit and Mr. Lee Ka Shing, Non-executive Directors of the Company.

Dr. Lee is also a Director of Henderson Development Limited (“Henderson Development”), Hopkins (Cayman) Limited (“Hopkins”), Rimmer (Cayman) Limited (“Rimmer”), Riddick (Cayman) Limited (“Riddick”), Timpani Investments Limited (“Timpani Investments”), Disralei Investment Limited (“Disralei Investment”), Medley Investment Limited (“Medley Investment”) and Macrostar Investment Limited (“Macrostar Investment”). Henderson Land Development, Henderson Development, Hopkins, Rimmer, Riddick, Timpani Investments, Disralei Investment, Medley 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, Dr. Lee has personal interest of 3,548,791 Shares (representing 0.06 per cent of the issued share capital of the Company) and a corporate interest of 2,459,824,950 Shares (representing 40.59 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 a corporate interest of 887,672,901 shares (45.35 per cent) in Towngas China Company Limited, 9,500 shares (95 per cent) in Lane Success Development Limited and 2 shares (100 per cent) in Yieldway International Limited, all of which are associated corporations of the Company.

The term of office for Dr. Lee will expire on 31st December 2008 and is subject to retirement by rotation and reappointment in accordance with the Articles of Association. The director’s fee and additional fee as Chairman payable to him were reviewed by the remuneration committee of the Company. His director’s fee, additional fee as Chairman and other emoluments are determined with reference to his duties and responsibilities. For the financial year ended 31st December 2007, Dr. Lee received a fixed remuneration of \$260,000 as director’s fee and additional fee as Chairman and other emoluments of approximately \$85,000 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 Dr. Lee’s re-election that need to be brought to the attention of the Shareholders.

Mr. LIU Lit Man G.B.S., J.P., F.I.B.A., *Independent Non-executive Director*

Aged 78. Mr. Liu was appointed to the Board in 1975. He is the Executive Chairman of Chong Hing Bank Limited (formerly known as Liu Chong Hing Bank Limited), Chairman of Liu Chong Hing Investment Limited and a Director of COSCO Pacific Limited, all of which are listed public companies. Save as disclosed, Mr. Liu did not hold any directorship in other listed public companies in the last three years. Mr. Liu is also the Chairman of Chong Hing Insurance Company Limited (formerly known as Liu Chong Hing Insurance Company Limited). He was formerly a Director of Tung Wah Group of Hospitals, President of the Hong Kong Chiu Chow Chamber of Commerce (now Permanent Honorary President) and founder and first Chairman of Teochew International Convention (now Permanent Honorary Chairman). He is a Standing Committee Member of The Chinese General Chamber of Commerce, Hong Kong, a Manager of Liu Po Shan Memorial College, a Director of New Asia College of the Chinese University of Hong Kong, a founding member of the Court of the Hong Kong Polytechnic University and the founder of Chiu Chow Association Secondary School.

As at the Latest Practicable Date, Mr. Liu has personal interest of 1,956,548 Shares (representing 0.03 per cent of the issued share capital of the Company) within the meaning of Part XV of the Securities and Futures Ordinance.

The term of office for Mr. Liu will expire on 31st December 2008 and is subject to retirement by rotation and reappointment in accordance with the Articles of Association. The director's fee payable to him was reviewed by the remuneration committee of the Company. His director's fee and other emoluments are determined with reference to his duties and responsibilities. For the financial year ended 31st December 2007, Mr. Liu received a fixed remuneration of \$230,000 as director's fee and other emoluments of approximately \$16,000 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. Liu's re-election that need to be brought to the attention of the Shareholders.

Mr. LEUNG Hay Man F.R.I.C.S., F.C.I.Arb., F.H.K.I.S., *Independent Non-executive Director*

Aged 73. Mr. Leung was appointed to the Board in 1981. He is a Non-executive Director of Henderson Land Development Company Limited ("Henderson Land Development"), Henderson Investment Limited and Hong Kong Ferry (Holdings) Company Limited, all of which are listed public companies. Save as disclosed, Mr. Leung did not hold any directorship in other listed public companies in the last three years. Henderson Land Development has discloseable interests in the Company under the provisions of the Securities and Futures Ordinance.

As at the Latest Practicable Date, Mr. Leung has no relationship with any directors, senior management or substantial or controlling shareholders of the Company and does not have any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

The term of office for Mr. Leung will expire on 31st December 2008 and is subject to retirement by rotation and reappointment in accordance with the Articles of Association. The director's fee payable to him was reviewed by the remuneration committee of the Company. His director's fee and other emoluments are determined with reference to his duties and responsibilities. For the financial year ended 31st December 2007, Mr. Leung received a fixed remuneration of \$230,000 as director's fee and other emolument of approximately \$5,000 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. Leung's re-election that need to be brought to the attention of the Shareholders.

Mr. James KWAN Yuk Choi J.P., B.Sc. (Eng), M.B.A., 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., *Executive Director and Chief Operating Officer*

Aged 56. 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”), a listed public company. Save as disclosed, Mr. Kwan did not hold any directorship in other listed public companies in the last three years.

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. He is currently a member of the Gas Safety Advisory Committee of the Hong Kong Special Administrative Region and was President of the Institution of Gas Engineers, UK in 2000/2001 and the Hong Kong Institution of Engineers in 2004/2005. Mr. Kwan is a Member of the Eleventh Nanjing Committee of the Chinese People's Political Consultative Conference.

As at the Latest Practicable Date, Mr. Kwan has personal interest of 39,930 Shares and family interest of 45,241 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 3,000,000 share options granted by Towngas China, an associated corporation of the Company, to subscribe for 3,000,000 shares (0.15 per cent) of Towngas China.

As at the Latest Practicable Date, Mr. Kwan has no fixed nor proposed term of director's service but is subject to retirement by rotation and reappointment in accordance with the Articles of Association. The director's fee payable to him was reviewed by the remuneration committee of the Company. 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 2007, Mr. Kwan received a fixed remuneration of \$130,000 as director's fee and other emoluments of approximately \$11,530,000 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 \$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 6,059,635,986 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 605,963,598 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 2007) 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 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 3,548,791 Shares personally (0.06 per cent of the total issued Shares). In addition, 2,459,824,950 Shares (40.59 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 2,463,373,741 Shares (40.65 per cent of the total issued Shares) as at the Latest Practicable Date. If the repurchase mandate is exercised in full by the Company and assuming that Dr. Lee Shau Kee does not dispose of any of his Shares, his percentage shareholding in the Company will amount to 45.17 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:

	Highest (\$)	Lowest (\$)
April 2007	17.145 A	15.855 A
May 2007	17.480	16.260
June 2007	16.800	16.000
July 2007	19.180	16.480
August 2007	18.300	16.120
September 2007	18.360	17.700
October 2007	20.950	18.540
November 2007	23.900	19.240
December 2007	24.300	21.300
January 2008	24.100	20.050
February 2008	23.550	20.950
March 2008	23.800	21.250

A – Adjusted for the bonus issue 1 for 10 with effect from 8th May 2007.

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

NOTICE OF ANNUAL GENERAL MEETING

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 in the Four Seasons Grand Ballroom, Four Seasons Hotel, 8 Finance Street, Central, Hong Kong on Monday, 19th May 2008 at noon for the following purposes:

1. To receive and consider the statement of accounts for the financial year ended 31st December 2007 and the reports of the Directors and Auditors thereon.
2. To declare a final dividend.
3. To re-elect Directors.
4. To re-appoint PricewaterhouseCoopers as Auditors 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 their remuneration.
5. As special business, to consider and, if thought fit, pass the following resolutions as 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 equal to one-tenth of the aggregate nominal amount of the share capital of the Company in issue on 9th May 2008 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 issue on 9th May 2008 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 9th May 2008 on the basis of one Bonus Share for every ten Shares held by such shareholders 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 except that they will not be entitled to participate in any dividend declared or recommended by the Company in respect of the financial year ended 31st December 2007 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.”

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(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;
- (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 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.”

(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

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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 an offer of shares 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, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).”

- (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 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 hereby extended by the addition to the total 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 total 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
RONALD T.H. CHAN
Executive Director and Company Secretary

Hong Kong, 24th April 2008

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Notes:

1. The Directors of the Company wish to state that they have no immediate plans to repurchase any existing shares or to issue any new shares or warrants (other than the issue of Bonus Shares).
2. Any member entitled to attend and vote at the meeting may appoint one or more than one proxy to attend, and on a poll, to vote on his 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 notorially 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 Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, 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 to put each of the resolutions set out in the Notice of Annual General Meeting to the vote by way of poll.
4. The register of members will be closed from Wednesday, 7th May 2008 to Friday, 9th May 2008, both days inclusive, during which period no share transfer will be effected. In order to be entitled to attend and vote at the Annual General Meeting (or any adjournment thereof), and to qualify for the proposed issue of Bonus Shares and final dividend, 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, Hong Kong not later than 4:30 p.m. on Tuesday, 6th May 2008.
5. If approved, the dividend will be payable on Tuesday, 20th May 2008. Share certificates for the Bonus Shares will be dispatched to shareholders on the same day.