

*The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



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

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 0003)

### **ANNOUNCEMENT**

The purpose of this announcement is to provide you with certain financial information on the Target Companies as well as the gain or loss expected to accrue to the Company arising from the Acquisition and the Consideration Share Issue and the basis for calculating the gain or loss.

Reference is made to the joint announcement of The Hong Kong and China Gas Company Limited (the “**Company**”), Panva Gas Holdings Limited (“**Panva**”) and Enerchina Holdings Limited dated 4 December 2006 (the “**Announcement**”) relating to the disposal by Hong Kong & China Gas (China) Limited (“**HK&CG(China)**”) of its interests in 8 BVI subsidiaries in consideration for the allotment and issue by Panva of 772,911,729 shares in Panva to HK&CG(China). Capitalised terms used herein shall have the same meanings as defined in the Announcement, unless otherwise stated.

The purpose of this announcement is to provide you with certain financial information on the Target Companies as well as the gain or loss expected to accrue to the Company arising from the Acquisition and the Consideration Share Issue and the basis for calculating the gain or loss, which had not been included in the Announcement as such financial information were not available at the time of issue of the Announcement.

#### **FINANCIAL INFORMATION ON THE TARGET COMPANIES**

The aggregate audited net assets value of the Target Companies as at 30 September 2006 was approximately HK\$80.1 million. The aggregate audited net profit before and after taxation and extraordinary items of the Target Companies were approximately HK\$5.1 million and HK\$2.5 million respectively for the financial year ended 31 December 2004 and the aggregate audited net profit before and after taxation and extraordinary items of the Target Companies were approximately HK\$22.6 million and HK\$22.0 million respectively for the financial year ended 31 December 2005.

#### **EXPECTED GAIN ARISING FROM THE ACQUISITION AND THE CONSIDERATION SHARE ISSUE**

The Company expects that, after Completion, the HKCG Group would record a gain on disposal of approximately HK\$3,095 million as a result of the disposal of its interest in the Target Companies.

The above gain on disposal is determined based on the difference in the fair value of the Consideration Shares as at 15 December 2006 of HK\$4.90 per share in Panva over the aggregate audited net assets value of the Target Companies attributable to the Company as at 30 September 2006 and the Shareholder Loans. Since the fair value of the Consideration Shares as at the Completion Date may be substantially different from the fair value as at 15 December 2006, and the aggregate net assets value of the Target Companies as at the Completion Date may also be different from their aggregate audited net assets value as at 30 September 2006, the final amount of the gain on disposal will be different from the amount presented above.

By Order of the Board  
**Alfred CHAN Wing Kin**  
*Managing Director*

Hong Kong, 20 December 2006

*As at the date of this announcement, the Company's executive directors are Mr. Alfred Chan Wing Kin, Mr. Ronald Chan Tat Hung and Mr. James Kwan Yuk Choi; non-executive directors are Dr. Lee Shau Kee (Chairman), Mr. Colin Lam Ko Yin, Mr. Lee Ka Kit, Mr. Lee Ka Shing; and independent non-executive directors are Mr. Liu Lit Man, Mr. Leung Hay Man and Dr. The Hon. David Li Kwok Po.*

*The directors of the Company collectively and individually accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed herein have been arrived at after due and careful consideration, and there are no other facts not contained in this announcement, the omission of which would make any statement herein misleading.*

Please also refer to the published version of this announcement in South China Morning Post.