

The Hong Kong and China Gas Issued US\$300 Million
Perpetual Hybrid Securities

(Hong Kong, 28 January 2014) The Hong Kong and China Gas (“Towngas”) is pleased to announce it has issued US\$300 million of 4.75% perpetual non-call 5 years subordinated capital securities. This is the Company’s first perpetual securities, with proceeds for refinancing and for general corporate purposes.

The securities strengthen Towngas’ balance sheet, improve debt maturity profile, and diversify its funding sources. At the same time, it improves rating agency-relevant credit metrics and helps Towngas maintaining solid investment grade ratings. The securities are classified as “equity” in the financial statements according to Hong Kong Finance Reporting Standard (HKFRS) and qualify for 50% equity credit from the credit rating agencies - Moody’s (for the life of the securities) and S&P (for the first 5 years). The securities are rated A3 / A- by Moody’s and S&P respectively, two notches below Towngas' corporate rating. It will be listed on the Hong Kong Stock Exchange, effective 29 January, 2014.

Towngas Managing Director Alfred Chan Wing-kin said, “We are encouraged to see the issuance of the perpetual hybrid securities received an overwhelming response. It attracted a high order book of around US\$1.8 million, representing a 6 times over-subscription. This once again reflected Towngas’ prominent position in the market and its professional

management team." The securities were priced at an initial yield of 4.75% p.a., establishing a record low for an Asian corporate perpetual hybrid issue. Over 70% of the securities were allocated to long term investors like fund managers and other institutional investors.

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