

The Hong Kong and China Gas Company Limited

Green Bond

Independent Auditor's Assurance Report 2017

Independent auditor's assurance report

To the Board of Directors of The Hong Kong and China Gas Company Limited

We have been engaged to perform a limited assurance engagement in relation to the details of the use of proceeds of green bond issued by HKCG (Finance) Limited, a wholly-owned subsidiary of The Hong Kong and China Gas Company Limited (the "Company") as at 31 December 2017 as set out in page 36 of the sustainability report of the Company for the year ended 31 December 2017 (the "Green Bond Information").

Directors' Responsibilities

The directors of the Company are responsible for the preparation of the Green Bond Information in accordance with the accompanying green bond framework of the Company (the "Green Bond Framework"). This responsibility includes designing, implementing and maintaining internal control over the Green Bond Information is free from material misstatement, whether due to fraud or error.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibilities

It is our responsibility to express a conclusion on the Green Bond Information based on our work performed and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our work in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we plan and perform our work to form the conclusion whether the Green Bond Information is free from material misstatement.

Auditor's Responsibilities (Continued)

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. The extent of procedures selected depends on the practitioner's judgment and our assessment of the engagement risk. Within the scope of our work we performed amongst others the following procedures:

- understood the design of the key processes and controls for managing, recording and reporting the Green Bond Information;
- made enquiries of relevant management and personnel involved in providing information relating to the Green Bond Information;
- checked the projects with the green bond proceeds allocated to the items of projects as set out in clause 2.1 of the Green Bond Framework
- checked the approval of use of proceeds by the Green Bond Committee of the Company; and
- checked the use of proceeds as approved by the Green Bond Committee and as stipulated under the Green Bond Framework to supporting document.

Our work did not include evaluating the effectiveness of systems, processes and controls that generated the Green Bond Information. Thus, our work was not perform for the purpose of expressing an opinion on the effectiveness and performance of the Company's management systems, processes and controls, and not for the purpose of expressing an opinion on any statutory financial statements.

Inherent Limitation

The Green Bond Information needs to be read and understood together with the Green Bond Framework, which the Company is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time. The Green Bond Framework used for the reporting of the Green Bond Information are as at 31 December 2017.

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Green Bond Information as at 31 December 2017 is not prepared, in all material respects, in accordance with Green Bond Framework.

Restriction on Use

Our report has been prepared for and only for the board of directors of the Company and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.



PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 19 April 2018