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香港中華煤氣有限公司

THE HONG KONG AND CHINA GAS COMPANY LIMITED

(Incorporated in Hong Kong under the Companies Ordinance with limited liability)

(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 BUY BACK SHARES**

The notice convening the Annual General Meeting of The Hong Kong and China Gas Company Limited to be held at Meeting Room N101 (Expo Drive Entrance), Hong Kong Convention and Exhibition Centre, Wanchai, Hong Kong on Wednesday, 7th June 2017 at 12:00 noon at which the above proposals will be considered is set out from 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 (or any adjournment thereof). In calculating the period mentioned for depositing the form of proxy, no account is to be taken of any part of a day that is a public holiday.

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EXPECTED TIMETABLE

2017

Latest time for lodging transfers for entitlement to the right to attend and vote at the Annual General Meeting	4:30 p.m. on Thursday, 1st June
Book close period (both days inclusive)	From Friday, 2nd June to Wednesday, 7th June
Proxy forms for the Annual General Meeting to be returned by	12:00 noon on Monday, 5th June
Record date for determination of entitlement to the right to attend and vote at the Annual General Meeting	Wednesday, 7th June
Annual General Meeting	12:00 noon on Wednesday, 7th June
Publication of poll results announcement	Wednesday, 7th June
Register re-opens	Thursday, 8th June
Latest date of dealing in Shares cum entitlements to the final dividend and the Bonus Share Issue	Thursday, 8th June
First date of dealing in Shares ex entitlements to the final dividend and the Bonus Share Issue	Friday, 9th June
Latest time for lodging transfers for entitlements to the final dividend and the Bonus Share Issue	4:30 p.m. on Monday, 12th June
Book close period (both days inclusive)	From Tuesday, 13th June to Thursday, 15th June
Record Date for determination of entitlements to the final dividend and the Bonus Share Issue	Thursday, 15th June
Register re-opens	Friday, 16th June
Despatch of dividend cheques and certificates for Bonus Shares	Friday, 23rd June
First date of dealing in Bonus Shares	9:00 a.m. on Monday, 26th June

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 Wednesday, 7th June 2017 at 12:00 noon, notice of which is set out from 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 (香港中華煤氣有限公司), a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	7th April 2017, 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 (Chapter 622 of the Laws of Hong Kong) and any amendments thereto

DEFINITIONS

“Record Date”	Thursday, 15th June 2017, being the date for determination of entitlements to the proposed final dividend and Bonus Shares
“Register”	the register of members of the Company
“Securities and Futures Ordinance”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and any amendments thereto
“Shareholder(s)”	Holder(s) of Shares
“Shares”	shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

LETTER FROM THE CHAIRMAN

香港中華煤氣有限公司
THE HONG KONG AND CHINA GAS COMPANY LIMITED
(Incorporated in Hong Kong under the Companies Ordinance with limited liability)
(Stock Code: 3)

Directors:

Dr. the Hon. Lee Shau Kee, *Chairman* *
Mr. Leung Hay Man **
Dr. Colin Lam Ko Yin *
Dr. the Hon. Sir David Li Kwok Po **
Dr. Lee Ka Kit *
Mr. Alfred Chan Wing Kin
Mr. Lee Ka Shing *
Professor Poon Chung Kwong **
Mr. Peter Wong Wai Yee

Registered Office:

23rd Floor
363 Java Road
North Point
Hong Kong

* *non-executive director*
** *independent non-executive director*

20th April 2017

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 BUY BACK SHARES**

1. INTRODUCTION

In the announcement dated 16th March 2017 of the audited results of the Company for the financial year ended 31st December 2016, 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 buy back 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 buy back Shares.

LETTER FROM THE CHAIRMAN

2. RE-ELECTION OF RETIRING DIRECTORS

According to the Articles of Association, one-third of all the Directors are subject to retirement by rotation at every annual general meeting. Pursuant to Article 97 of the Articles of Association, Mr. Peter Wong Wai Yee, Dr. Lee Ka Kit and Dr. the Hon. Sir David Li Kwok Po, are due to retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment.

The Nomination Committee has also recommended to the Board that the above-mentioned Directors are eligible for re-appointment. Details and brief biography of each of Mr. Peter Wong Wai Yee, Dr. Lee Ka Kit and Dr. the Hon. Sir David Li Kwok Po are set out in Appendix I to this document.

Dr. the Hon. Sir David Li Kwok Po was appointed to the Board in 1984 and has served on the Board for more than 9 years. Sir David has given a confirmation in writing of his independence to the Company pursuant to Rule 3.13 of the Listing Rules. During his tenure of office, Sir David has been providing objective and independent views to the Company over the years, and he remains committed to his independent role. The members of the Nomination Committee were of the view that the long service of Sir David would not affect his exercise of independent judgement and were satisfied that Sir David has the required character, integrity and experience to continue fulfilling the role of an independent non-executive director. The Board, through the assessment and recommendation by the Nomination Committee, has considered him to be independent. The Board is of the view that, as Sir David is not involved in the daily management of the Group nor in any relationships or circumstances which would interfere with the exercise of his independent judgement as an independent non-executive director, he has demonstrated his ability to provide professional and independent views to the Company's affairs and is able to continue to fulfill his role as required and thus recommends him for re-election at the Annual General Meeting.

3. ISSUE OF BONUS SHARES

As mentioned in the preliminary announcement of 2016 annual results dated 16th March 2017, the Board recommended a bonus issue of Shares, be allotted and issued without consideration, 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 2016. Fractional entitlements to the 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 12,717,042,258 Shares. On the basis of such figure, and assuming there is no issue or buy-back of Shares prior to the Record Date, the number of Bonus Shares to be issued is 1,271,704,225 Shares. The reason for the Bonus Share Issue is to enable Shareholders to enjoy a pro-rata increase in the number of shares being held in the Company without incurring any costs. The Directors consider that the Bonus Share Issue is in the interests and for the benefits of Shareholders. The necessary resolution for the approval of the Bonus Share Issue will be proposed at the Annual General Meeting.

LETTER FROM THE CHAIRMAN

4. CONDITIONS OF THE BONUS SHARE ISSUE

The Bonus Share Issue is conditional upon:

- (a) Shareholders approving Resolution 6(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

In order to determine entitlement of Shareholders to the right to attend and vote at the Annual General Meeting (or any adjournment thereof), the Register will be closed from Friday, 2nd June 2017 to Wednesday, 7th June 2017, both days inclusive, during which period no share transfer will be effected. 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, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 1st June 2017.

In order to determine Shareholders who qualify for the proposed Bonus Share Issue and final dividend, the Register will be closed from Tuesday, 13th June 2017 to Thursday, 15th June 2017, both days inclusive, during which period no share transfer will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, for registration no later than 4:30 p.m. on Monday, 12th June 2017.

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 in the Bonus Shares on the Stock Exchange, the Bonus Shares to be issued by the Company 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. Shareholders should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

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 Friday, 23rd June 2017 at their own risk and the first date of dealing in the Bonus Shares will commence at 9:00 a.m. on Monday, 26th June 2017.

LETTER FROM THE CHAIRMAN

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 BUY BACK SHARES

At the annual general meeting of the Company held on 7th June 2016, ordinary resolutions were passed to renew the general mandates to the Board (i) to buy back Shares, the total number of Shares of which did not exceed 10 per cent of the total number of Shares in issue as at 7th June 2016; and (ii) to allot, issue and otherwise deal with additional 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 total number of Shares in issue on 7th June 2016, together with the number of any Shares bought back (up to a maximum of 10 per cent of the total number of Shares in issue as at 7th June 2016) by the Company in accordance with (i) above, if any.

These general mandates will lapse at the conclusion of the Annual General Meeting, unless renewed then. Resolutions set out as Resolutions 6(II), 6(III) and 6(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 buy back 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 12,717,042,258 Shares. On the basis of such figure and assuming there is no issue or buy-back 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 2,543,408,451 Shares representing 20 per cent of the issued shares 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 buy-back mandate is set out in 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.

8. ANNUAL GENERAL MEETING

The notice convening the Annual General Meeting to be held at Meeting Room N101 (Expo Drive Entrance), Hong Kong Convention and Exhibition Centre, Wanchai, Hong Kong on Wednesday, 7th June 2017 at 12:00 noon is set out from pages 11 to 14 of this document. At the Annual General Meeting, ordinary resolutions numbered 3, 6(I), 6(II), 6(III) and 6(IV) will be proposed to re-elect the retiring Directors, to approve the Bonus Shares Issue, the renewal of the general mandate for the buy-back of Shares and the renewal of the general mandate to allot, issue and otherwise deal with additional Shares.

LETTER FROM THE CHAIRMAN

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 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event no later than 48 hours before the time appointed for holding the meeting. In calculating the period mentioned for depositing the form of proxy, no account is to be taken of any part of a day that is a public holiday. 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.

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.

An announcement of the results of the poll will be made by the Company following the conclusion of the Annual General Meeting in accordance with Rule 13.39(5) of the Listing Rules.

9. RECOMMENDATIONS

The Board believes that the re-election of the retiring Directors, the Bonus Share Issue and the renewal of the general mandates to buy back Shares and to issue new Shares are in the interests of the Company and Shareholders and accordingly recommends you to vote in favour of all the relevant resolutions to be proposed at the Annual General Meeting.

Yours faithfully,
Lee Shau Kee
Chairman

Mr. Peter WONG Wai Yee C.P.A. (CANADA), C.M.A., A.C.I.S., A.C.S., F.I.G.E.M., F.H.K.I.o.D., M.B.A.,
Executive Director and Chief Operating Officer – Utilities Business

Aged 65. Mr. Wong joined the Group in 1997, initially as its Financial Controller. Since 2002, he has been deeply involved in the development of the Group's mainland utilities business, operating from its headquarters in Shenzhen, China. Mr. Wong was appointed to the Board in February 2013. Mr. Wong is currently the Executive Director and Chief Operating Officer of the Utilities Business and also holds directorships in various subsidiaries of the Group. He is also an Executive Director and the Chief Executive Officer of Towngas China Company Limited ("Towngas China") and a director of Shenzhen Gas Corporation Ltd., both of which are listed public companies. Save as disclosed, Mr. Wong did not hold any other directorships in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. Wong was named consecutively as one of "The Best CEO of Chinese Listed Companies" by Forbes in 2012 and 2013. He is a chartered professional accountant of Canada and a chartered company secretary both in Hong Kong and the United Kingdom. Mr. Wong is a Fellow of the Institution of Gas Engineers & Managers of the United Kingdom. He completed the Advanced Management Program from Harvard Business School in the United States. Mr. Wong was formerly a director of the Certified Management Accountants Society of British Columbia, Canada and the president of its Hong Kong branch. He is a member of the Advisory Board of the Department of Accounting of Hong Kong Shue Yan University and a member of the Advisory Committee of the College of Professional and Continuing Education, The Hong Kong Polytechnic University. Mr. Wong has over 40 years of experience in corporate finance, management and international working experience.

As at the Latest Practicable Date, Mr. Wong has personal interest of 3,015,000 shares of Towngas China (an associated corporation of the Company), representing approximately 0.11 per cent of the issued shares of Towngas China within the meaning of Part XV of the Securities and Futures Ordinance. Save as disclosed herein, Mr. Wong has no relationship with any Directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Wong has not entered into any service contract, which falls within the meaning of Rule 13.68 of the Listing Rules requiring the prior approval of Shareholders at general meetings, with the Company but he is subject to the retirement by rotation and re-appointment in accordance with the Articles of Association. The director's fee payable to him was and shall be reviewed by the remuneration committee of the Company (the "Remuneration Committee") on an annual basis. His other remunerations and discretionary bonus (if any) shall be determined by the Remuneration Committee from time to time with reference to his duties and responsibilities and the Group's performance and profitability. For the financial year ended 31st December 2016, Mr. Wong received a fixed remuneration of HK\$200,000 as director's fee and other emoluments of approximately HK\$14,837,000 from the Group, including the director's fee payable by Towngas China to him of HK\$200,000, which was determined by the board of directors of Towngas China and was approved by the shareholders of Towngas China at its annual general meeting in 2016.

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. Wong's re-election that need to be brought to the attention of the Shareholders.

Dr. LEE Ka Kit G.B.S., J.P., D.B.A. (Hon.), *Non-executive Director*

Aged 53. Dr. Lee was appointed to the Board in 1990. He was educated in the United Kingdom. He is a Vice Chairman of Henderson Land Development Company Limited (“Henderson Land Development”) and Henderson Investment Limited as well as a Non-executive Director of The Bank of East Asia, Limited. All the above companies are listed public companies. Save as disclosed, Dr. Lee did not hold any other directorships in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. Dr. Lee is a Member of the Standing Committee of the 12th National Committee of the Chinese People’s Political Consultative Conference. He has been appointed as a Council Member of the Hong Kong Trade Development Council for two years from 1st January 2016. He was appointed as a Justice of the Peace by the Government of the Hong Kong Special Administrative Region (the “HKSAR”) in 2009, and was awarded the Gold Bauhinia Star by the Government of the HKSAR in 2015. Dr. Lee was awarded an Honorary University Fellowship by The University of Hong Kong in 2009, and was also awarded an Honorary Degree of Doctor of Business Administration by Edinburgh Napier University in 2014. He is the son of Dr. Lee Shau Kee, the Chairman of the Company and the brother of Mr. Lee Ka Shing, a Non-executive Director of the Company.

Dr. Lee is also a Vice Chairman of Henderson Development Limited (“Henderson Development”). Henderson Land Development and Henderson Development have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance.

As at the Latest Practicable Date, Dr. Lee, as a discretionary beneficiary of discretionary trusts, was deemed to have an interest in 5,280,460,351 Shares (representing approximately 41.52 per cent of the issued shares of the Company) within the meaning of Part XV of the Securities and Futures Ordinance. He was also taken to be interested in 1,753,175,246 shares in Towngas China Company Limited (representing approximately 64.65 per cent of the issued shares of Towngas China Company Limited), 9,500 shares in Lane Success Development Limited (representing 95 per cent of the issued shares of Lane Success Development Limited) and 2 shares in Yieldway International Limited (representing 100 per cent of the issued shares of Yieldway International Limited), all of which are associated corporations of the Company. Save as disclosed herein, Dr. Lee has no relationship with any Directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Dr. Lee has not entered into any service contract, which falls within the meaning of Rule 13.68 of the Listing Rules requiring the prior approval of Shareholders at general meetings, with the Company. The term of office for Dr. Lee will expire on 31st December 2017 and he is subject to retirement by rotation and re-appointment in accordance with the Articles of Association. The director’s fee payable to him was and shall be reviewed by the remuneration committee of the Company on an annual basis. His director’s fee is determined with reference to his duties and responsibilities. For the financial year ended 31st December 2016, Dr. Lee received a fixed remuneration of HK\$200,000 as director’s fee 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.

Dr. the Hon. Sir David Li Kwok Po GBM, GBS, OBE, JP, MA Cantab. (Economics & Law), Hon. LLD (Cantab), Hon. DSc. (Imperial), Hon. LLD (Warwick), Hon. DBA (Edinburgh Napier), Hon. D.Hum.Litt. (Trinity, USA), Hon. LLD (Hong Kong), Hon. DSocSc (Lingnan), Hon. DLitt (Macquarie), Hon. DSocSc (CUHK), FCA, FCPA, FCPA (Aust.), FCIB, FHKIB, FBCS, CITP, FCI Arb, Officier de l'Ordre de la Couronne, Grand Officer of the Order of the Star of Italian Solidarity, The Order of the Rising Sun, Gold Rays with Neck Ribbon, Commandeur dans l'Ordre National de la Légion d'Honneur, *Independent Non-executive Director*

Aged 78. Sir David was appointed to the Board in 1984. Sir David is the Chairman and Chief Executive of The Bank of East Asia, Limited. He is an Independent Non-executive Director of Guangdong Investment Limited, The Hongkong and Shanghai Hotels, Limited, PCCW Limited, San Miguel Brewery Hong Kong Limited and Vitasoy International Holdings Limited. All the above companies are listed public companies. He was previously a Director of CaixaBank, S.A. (listed in Spain) and an Independent Non-executive Director of SCMP Group Limited (now known as Great Wall Pan Asia Holdings Limited). Save as disclosed, Sir David did not hold any other directorships in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Sir David is also a Director of Hong Kong Interbank Clearing Limited. He is a Member of the Council of the Treasury Markets Association. Sir David is Founding Chairman of The Friends of Cambridge University in Hong Kong Limited, Chairman of the Advisory Board of The Salvation Army, Hong Kong and Macau Command and Chairman of the Executive Committee of St. James' Settlement. He was a Member of the Legislative Council of Hong Kong from 1985 to 2012.

As at the Latest Practicable Date, Sir David has personal interest of 35,466,650 Shares (representing approximately 0.28 per cent of the issued shares of the Company) within the meaning of Part XV of the Securities and Futures Ordinance. Save as disclosed herein, Sir David has no relationship with any Directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Sir David has not entered into any service contract, which falls within the meaning of Rule 13.68 of the Listing Rules requiring the prior approval of Shareholders at general meetings, with the Company. The term of office for Sir David will expire on 31st December 2017 and he is subject to retirement by rotation and re-appointment in accordance with the Articles of Association. The director's fee and additional fees as members of the Board committees payable to him were and shall be reviewed by the remuneration committee of the Company on an annual basis. His director's fee, additional fees as members of the Board committees and other emoluments are determined with reference to his duties and responsibilities. For the financial year ended 31st December 2016, Sir David received a fixed remuneration of HK\$650,000 as director's fee and additional fees as members of the Board committees, and other emoluments of approximately HK\$36,000 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 Sir David'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 buy-back of Shares and also constitutes the memorandum required under section 239(2) of the Ordinance. References in this statement to “Share(s)” means share(s) of all classes in the capital of the Company and includes shares and securities issued by the Company which carry a right to subscribe or buy back shares in the capital of the Company.

- (i) The resolution set out as Resolution 6(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 buy back 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 12,717,042,258 Shares. On the basis of such figure and assuming there is no issue or buy-back of Shares prior to the date of the Annual General Meeting, the Directors would be authorised to buy back up to 1,271,704,225 Shares.

- (ii) The Directors believe that the ability to buy back Shares is in the best interests of the Company and its Shareholders.

Buy-backs 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 buy back 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 bought back on any occasion and the price and other terms upon which the same are bought back at the relevant time having regard to the circumstances then pertaining.

- (iii) It is envisaged that any buy-back 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 financial statements contained in the annual report for the financial year ended 31st December 2016) in the event that the proposed Share buy-backs were to be carried out in full at any time during the proposed buy-back 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 close 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 buy-backs pursuant to the proposed 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, was beneficially interested in 5,280,460,351 Shares (representing approximately 41.52 per cent of the total issued Shares) through 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 Limited (“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 shares of Henderson Development. Dr. Lee Shau Kee beneficially owned all the issued shares of Rimmer and Hopkins. On this basis of such figure, if the buy-back mandate is exercised in full by the Company and assuming that Dr. Lee Shau Kee does not receive, acquire or dispose of any Shares, his percentage shareholding in the Company will amount to 46.14 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.
- (viii) The Company did not buy back any Shares in the six months prior to the Latest Practicable Date (whether on the Stock Exchange or otherwise).
- (ix) No “core 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 Shareholders.
- (x) The highest and lowest prices at which the Shares traded on the Stock Exchange in the previous twelve months were as follows:

	Highest (HK\$)	Lowest (HK\$)
April 2016	13.727 A	12.745 A
May 2016	13.636 A	12.945 A
June 2016	14.200 A	13.020
July 2016	14.660	13.880
August 2016	14.800	14.160
September 2016	15.000	14.340
October 2016	15.200	14.600
November 2016	15.500	14.280
December 2016	14.480	13.500
January 2017	14.760	13.660
February 2017	15.060	14.440
March 2017	15.620	14.820
April 2017 (up to the Latest Practicable Date)	15.900	15.580

A – adjusted for the bonus issue 1 for 10 with ex-date 10th June 2016.

(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

香港中華煤氣有限公司 THE HONG KONG AND CHINA GAS COMPANY LIMITED

(Incorporated in Hong Kong under the Companies Ordinance with limited liability)

(Stock Code: 3)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of The Hong Kong and China Gas Company Limited (the “Company”) will be held at Meeting Room N101 (Expo Drive Entrance), Hong Kong Convention and Exhibition Centre, Wanchai, Hong Kong on Wednesday, 7th June 2017 at 12:00 noon for the following purposes:

1. To receive and consider the audited financial statements for the financial year ended 31st December 2016 and the reports of the Directors and Independent Auditor thereon.
2. To declare a final dividend.
3. To re-elect Directors.
4. To approve the revised Director’s fee for each Director at the rate of HK\$250,000 per annum and in the case of the Chairman of the Board an additional fee at the rate of HK\$250,000 per annum effective from the financial year of 2017 until the Company in general meeting otherwise determines.
5. To re-appoint PricewaterhouseCoopers as Auditor of the Company to hold office from the conclusion of this meeting until the conclusion of the next annual general meeting of the Company and to authorise the Directors of the Company to fix its remuneration.
6. As special business, to consider and, if thought fit, pass the following resolutions as ordinary resolutions:

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 the Company to be issued pursuant to this Resolution, and upon the recommendation of the Directors of the Company, such number of shares of the Company (the “Bonus Share(s)”) which is equal to 10 per cent of the number of shares in the Company in issue on 15th June 2017 be allotted and issued without consideration to and among the shareholders of the Company whose names are on the register of members on 15th June 2017 on the basis of one Bonus Share for every ten shares in the Company held by such shareholders of the Company 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 in the Company 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 2016 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 buy back Shares be and is hereby generally and unconditionally approved;
- (b) the total number of Shares which may be bought back pursuant to the approval in paragraph (a) above shall not exceed 10 per cent of the total number of Shares in issue as at the date of passing this Resolution (subject to adjustment in the case of subdivision and consolidation of Shares), and the said approval shall be limited accordingly; and
- (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 of the Company in general meeting; and

“Shares” means shares of all classes in the capital of the Company and warrants and other securities which carry a right to subscribe or buy back 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;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the total number of Shares 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 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 total number of Shares in issue as at the date of passing this Resolution (subject to adjustment in the case of subdivision and consolidation of Shares); 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 6(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 6(III); and

“Rights Issue” means the allotment, issue or grant of shares in the Company 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 any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

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- (IV) “**THAT** conditional upon the passing of Resolutions 6(II) and 6(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 6(III) for the time being in force to exercise the powers of the Company to allot, issue and otherwise deal with additional shares 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 number of shares of the Company 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 number of shares of the Company bought back by the Company pursuant to the exercise by the Directors of the Company in accordance with the said Resolution 6(II) of the powers of the Company to buy back such shares of the Company, provided that such amount shall not exceed 10 per cent of the total number of shares of the Company in issue as at the date of passing this Resolution (subject to adjustment in the case of subdivision and consolidation of shares of the Company).”

By Order of the Board

JOHN H.M. HO

Chief Financial Officer and Company Secretary

Hong Kong, 20th April 2017

Notes:

1. The Directors of the Company wish to state that they have no immediate plans to buy back any existing shares in the Company or to issue any new shares or warrants in the Company (other than the issue of Bonus Shares).
2. Any member entitled to attend and vote at the meeting may appoint more than one proxy to attend and to speak, and on a poll, to vote on his/her 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 notarially 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 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, at least 48 hours before the time appointed for holding the meeting or any adjournment thereof. In calculating the period mentioned for depositing the form of proxy, no account is to be taken of any part of a day that is a public holiday.
3. At the Annual General Meeting, the Chairman of the meeting will exercise his power under Article 70 of the Articles of Association of the Company to put each of the resolutions set out in the Notice of Annual General Meeting to the vote by way of poll.
4. For the purpose of determining entitlement of shareholders to the right to attend and vote at the Annual General Meeting (or any adjournment thereof), the register of members of the Company will be closed from Friday, 2nd June 2017 to Wednesday, 7th June 2017, both days inclusive, during which period no share transfer will be effected. 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, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 1st June 2017.
5. For the purpose of determining shareholders who qualify for the proposed issue of Bonus Shares and final dividend, the register of members of the Company will be closed from Tuesday, 13th June 2017 to Thursday, 15th June 2017, both days inclusive, during which period no share transfer will be effected. 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, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Monday, 12th June 2017.
6. If Resolutions 2 and 6(I) above are approved, the dividend will be payable on Friday, 23rd June 2017 and share certificates for the Bonus Shares will be despatched to the shareholders of the Company on the same day.