



News flash: Establishment of Towngas' Green Bond Framework

Dear Investors & Analysts,

(8 November 2017) The Hong Kong and China Gas Company Limited (“Towngas”) has established a Green Bond Framework that sets out how it proposes to raise Green Bonds (Towngas Green Bonds) and the use of such bond proceeds to invest in green projects that conform to the company strategy so as to achieve our long term goal of sustainable development (“Eligible Green Investments”).

Eligible Green Investments may include projects relating to:

- Landfill gas projects, i.e., converting landfill gas into synthetic natural gas,
- Waste treatment projects, i.e., converting waste products or by-products into biofuel and/or bio products,
- Biomass projects, i.e., converting agricultural or other biomass waste into bio fuel or other bio products, and
- Wastewater treatment projects, i.e. purifying wastewater to required standards before discharging it back into the public sewage system or lake or river, alleviating local pollution levels,
- Any other eligible projects involving or facilitating the production of energy from renewable or new sustainable energy sources (for the avoidance of doubt, excluding nuclear energy), or improving energy efficiency (improvements of fossil fuel based technology or operations are excluded).

[Towngas' Green Bond Framework](#) aligns with the Green Bond Principles (GBP) of the International Capital Market Association. Sustainalytics, a global ESG and corporate governance research and ratings provider, has provided an independent [Second-Party Opinion Report](#) on Towngas' Green Bond Framework, and has determined that the Framework is transparent and credible, and aligns with the four pillars of the GBP, that is, Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds and Reporting.

Credit Agricole CIB has acted as Green Structuring Advisor on the Green Bond Framework.

For the full Towngas' Green Bond Framework, please visit Towngas' website
<http://www.towngas.com/en/Green-Bond/towngas-green-bond-framework>

For the full Second-Party Opinion on Towngas' Green Bond Framework, please visit Towngas' website
<http://www.towngas.com/en/Green-Bond/gbf-second-opinion>

Regards,

W K Lo

Head of Corporate Investment & Investor Relations

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About The Hong Kong and China Gas Company Limited (HKCG)

HKCG was founded in 1862 – the first public utility to begin operations in Hong Kong. Initially established to light up the streets of Hong Kong, our business in the territory today consists of the production and distribution of town gas, its marketing and sale, the provision of a full range of gas appliances, as well as comprehensive after-sales services.

Expanding into the mainland in 1994, our businesses in China include upstream, midstream and downstream gas projects, ranging from city-gas to gas transportation and vehicular gas refilling station projects. We have also diversified into telecommunications, building services, water supply, wastewater and food waste treatment, among others. In the past few years, in line with our vision to become a major energy supplier with an environmentally friendly focus, we have seen investment into new and unconventional energies, with projects ranging from the utilization of landfill gas to conversion of low value feedstock or wastes into high value clean energy and materials, emphasizing on self-developed patented green technologies.

HKCG has invested in 243 projects across 26 provincial regions in mainland China.