

News Release

Towngas China will acquire six Mainland China piped gas companies from Towngas

(17 March 2010) The Hong Kong and China Gas Company Limited (“Towngas 003.HK”) and Towngas China Company Limited (“Towngas China 1083.HK”) jointly announced today that Towngas China will acquire interests in six Mainland China piped gas companies from Towngas for approximately HK\$1.7 billion in consideration of Towngas China issuing approximately 485 million new shares to a wholly-owned subsidiary of Towngas, raising Towngas’ shareholding in Towngas China from approximately 45.6% to approximately 56.4% and resulting in Towngas China becoming a majority owned subsidiary of Towngas.

The transaction is conditional on certain conditions precedent including, Towngas China’s independent shareholders approving the acquisition, taking the assignment of the shareholder loans and the issuance of the new shares. The transaction is also conditional on, among other things, the Securities and Futures Commission granting and Towngas China’s independent shareholders approving a Whitewash Waiver dispensing of the obligation of Towngas and persons acting in concert with it to make a mandatory general offer under Rule 26 of the Takeovers Code.

“Towngas is extremely pleased to announce the injection of six Mainland China piped gas companies in the Liaoning and Zhejiang provinces into Towngas China,” said Alfred Chan Wing-kin, Towngas Managing Director and Chairman of Towngas China. “The transaction will increase Towngas China’s scale and improve its financial and cashflow profile, allowing it to more effectively capitalize on the rapid development of piped gas infrastructure in Mainland China. The transaction surely represents an opportunity to further strengthen Towngas China’s position as a leading operator of piped gas businesses in Mainland China.”

“After completion, Towngas China will have a robust portfolio of 53 piped gas projects in 43 cities serving around 5.5 million users in Mainland China with combined piped gas sales volume of over 3.4 billion cubic metres.” Mr. Chan further added, “Liaoning and Zhejiang are strategically important provinces as they are located on the vibrant Eastern coast of China and situated adjacent to Jilin, Shandong and Anhui where Towngas China currently has a significant presence.”



Towngas China will be acquiring from Hong Kong & China Gas (China) Limited, a wholly-owned subsidiary of Towngas, the entire shareholding interests in a BVI company which, through various intermediate holding companies, hold interests ranging from 40% to 100% in six PRC piped gas companies, which operate in a number of cities in Liaoning and Zhejiang provinces.

*** **

For media enquiries, please contact:

The Hong Kong and China Gas Company Limited

Towngas China Company Limited

Ms. Wong Sau Ying

Tel: 2963 3493

Fax: 2516 7368

Email: ccd@towngas.com