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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisor.

If you have sold or transferred all your shares in **Towngas China Company Limited**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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港華燃氣有限公司
Towngas China Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1083)

**PROPOSALS INVOLVING GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES,
DECLARATION OF DIVIDEND AND CLOSURE OF REGISTER OF
MEMBERS, RE-ELECTION AND ELECTION OF DIRECTORS,
INCREASE IN AUTHORISED SHARE CAPITAL
AND
NOTICE OF ANNUAL GENERAL MEETING**

The notice convening an annual general meeting of the Company to be held at Concord Room, 8/F, Renaissance Harbour View Hotel, 1 Harbour Road, Wanchai, Hong Kong on Monday, 4 June 2012 at 11:00 a.m. is set out on pages 14 to 18 of this circular. Whether or not you are able to attend the meeting in person, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Company's branch share registrar in Hong Kong, 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 not less than 48 hours before the time of the meeting (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting at the meeting (or any adjournment thereof) should you so wish.

17 April 2012

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“AGM”	the annual general meeting of the Company to be held at Concord Room, 8/F, Renaissance Harbour View Hotel, 1 Harbour Road, Wanchai, Hong Kong on Monday, 4 June 2012 at 11:00 a.m. and any adjournment thereof, notice of which is set out on pages 14 to 18 of this circular
“AGM Notice”	the notice for convening the AGM set out on pages 14 to 18 of this circular
“Annual Report”	the annual report of the Company for the year ended 31 December 2011
“Articles”	the articles of association of the Company
“Board”	the board of Directors of the Company
“Companies Law”	the Companies Law (2011 Revision) of the Cayman Islands
“Company”	Towngas China Company Limited (Stock code: 1083), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Dividend”	the final dividend proposed to be paid out of the share premium account of the Company of five HK cents per Share in respect of the year ended 31 December 2011
“Group”	the Company and its subsidiaries
“HKCG”	The Hong Kong and China Gas Company Limited, a controlling shareholder of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the Peoples’ Republic of China
“Latest Practicable Date”	10 April 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Ordinary Resolution(s)”	the proposed ordinary resolution(s) as referred to in the AGM Notice

DEFINITIONS

“Repurchase Mandate”	a general mandate to the Directors to exercise the power of the Company to repurchase Shares during the period as set out in Ordinary Resolution No. 4 in the AGM Notice up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of such resolution
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Share Buy-Back Rules”	the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listing on the Stock Exchange of their own securities
“Shareholder(s)”	holder(s) of Shares
“Share Issue Mandate”	a general mandate to the Directors to exercise the powers of the Company to allot, issue and deal with the Shares during the period as set out in Ordinary Resolution No. 5 in the AGM Notice up to a maximum of 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of such resolution
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



港華燃氣有限公司
Towngas China Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1083)

Executive Directors:

Mr. Chan Wing Kin, Alfred (*Chairman*)
Mr. Wong Wai Yee, Peter (*Chief Executive Officer*)
Mr. Kwan Yuk Choi, James
Mr. Ho Hon Ming, John (*Company Secretary*)
Ms. Law Wai Fun, Margaret

Registered Office:

P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Independent Non-executive Directors:

Dr. Chow Yei Ching
Dr. Cheng Mo Chi, Moses
Mr. Li Man Bun, Brian David

*Head Office and Principal Place of
Business in Hong Kong:*

23rd Floor
363 Java Road
North Point
Hong Kong

17 April 2012

To the Shareholders

Dear Sir or Madam,

**PROPOSALS INVOLVING GENERAL MANDATES TO
ISSUE AND REPURCHASE SHARES,
DECLARATION OF DIVIDEND AND CLOSURE OF REGISTER OF
MEMBERS, RE-ELECTION AND ELECTION OF DIRECTORS,
INCREASE IN AUTHORISED SHARE CAPITAL
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

At the annual general meeting of the Company held on 30 May 2011, resolutions were passed by the Shareholders, amongst other things, to give general unconditional mandates to the Directors to exercise the powers of the Company to:

- (i) allot, issue and otherwise deal with Shares not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of such resolution;

LETTER FROM THE BOARD

- (ii) repurchase Shares up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of such resolution; and
- (iii) extend the general mandate for issuing Shares as mentioned in paragraph (i) above by an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the general mandate granted to the Directors to repurchase Shares as mentioned in paragraph (ii) above.

The above general mandates will lapse at the conclusion of the AGM. It is therefore proposed to seek your approval at the AGM to grant fresh general mandates to the Directors to exercise the above powers.

The Board announced in the results announcement of the Company dated 16 March 2012 that it was the intention of the Board to recommend the payment of the dividend out of the share premium account of the Company of five HK cents per Share in respect of the year ended 31 December 2011. It is therefore proposed to seek your approval at the AGM for the payment of the Dividend.

The purpose of this circular is to, inter alia, provide you with information regarding the proposals for the grant of the Repurchase Mandate and the Share Issue Mandate, the declaration of the Dividend and closure of register of members, the re-election of retiring Directors and election of a new Director and the increase of authorised share capital of the Company, and to seek your approval in connection with such matters at the AGM.

2. GENERAL MANDATE TO REPURCHASE SHARES

An ordinary resolution will be proposed at the AGM to grant to the Directors the Repurchase Mandate, details of which are set out in Ordinary Resolution No. 4 in the AGM Notice. The Shares which may be repurchased by the Company pursuant to the Repurchase Mandate shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the Ordinary Resolution approving the Repurchase Mandate.

An explanatory statement as required under the Share Buy-Back Rules to be sent to the Shareholders, giving certain information regarding the Repurchase Mandate to enable the Shareholders to make an informed decision on whether to vote for or against Ordinary Resolution No. 4, is set out in Appendix I hereto.

3. GENERAL MANDATE TO ISSUE SHARES

Two ordinary resolutions, namely Ordinary Resolutions Nos. 5 and 6 in the AGM Notice, will be proposed at the AGM (i) to grant to the Directors a general mandate to allot, issue and deal with new Shares not exceeding 20% of the issued share capital of the Company as at the date of passing of Ordinary Resolution No. 5 in the AGM Notice and (ii) to extend such general mandate so granted to the Directors by adding thereto any Shares repurchased by the Company pursuant to the Repurchase Mandate up to 10% of the issued share capital of the Company as at the date of passing of Ordinary Resolution No. 6 in the AGM Notice.

Details of the Share Issue Mandate and the extension of the Share Issue Mandate are respectively set out in Ordinary Resolutions Nos. 5 and 6 in the AGM Notice.

LETTER FROM THE BOARD

4. DECLARATION OF DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

As mentioned in the results announcement of the Company dated 16 March 2012, it was the intention of the Board to recommend the payment of the dividend out of the share premium account of the Company of five HK cents per Share in respect of the year ended 31 December 2011 to Shareholders whose names appeared on the register of members of the Company on 12 June 2012, totaling not less than HK\$123,017,000, subject to the approval of the Shareholders at the AGM and compliance with the Companies Law.

Under Section 34(2) of the Companies Law, the share premium account may be applied by the company paying dividends to shareholders provided that no dividend may be paid to members out of the share premium account unless, immediately following the date on which the dividend is proposed to be paid, the company shall be able to pay its debts as they fall due in the ordinary course of business. The Board confirms that with respect to the Dividend, the Company meets the solvency test as laid down under the Companies Law and shall be able to pay its debts as they fall due in the ordinary course of business immediately following the date on which the Dividend is proposed to be paid.

The register of members will be closed for the following periods:

- (1) from 30 May 2012 to 4 June 2012, both days inclusive, during which period no transfer of Shares will be registered for the purpose of ascertaining the Shareholders entitled to attend and vote at the AGM; and
- (2) from 8 June 2012 to 12 June 2012, both days inclusive, during which period no transfer of Shares will be registered for the purpose of ascertaining the Shareholders entitled to the Dividend to be approved at the AGM.

All completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 29 May 2012 and 7 June 2012 respectively.

5. RE-ELECTION AND ELECTION OF DIRECTORS

The Board currently consists of eight Directors, namely Mr. Chan Wing Kin, Alfred (Chairman), Mr. Wong Wai Yee, Peter (Chief Executive Officer), Mr. Kwan Yuk Choi, James, Mr. Ho Hon Ming, John (Company Secretary) and Ms. Law Wai Fun, Margaret, being the executive Directors, and Dr. Chow Yei Ching, Dr. Cheng Mo Chi, Moses and Mr. Li Man Bun, Brian David, being the independent non-executive Directors.

Pursuant to Article 112 of the Articles, at each annual general meeting, one-third of the Directors for the time being who have been longest in office since their last election shall retire from office by rotation such that each Director will be subject to retirement by rotation at least once every three years at the annual general meeting.

In accordance with Article 112 of the Articles, Mr. Chan Wing Kin, Alfred, Ms. Law Wai Fun, Margaret and Dr. Chow Yei Ching shall retire from office by rotation at the AGM and all of them, being eligible, except Dr. Chow Yei Ching who would not offer himself for re-election, would offer

LETTER FROM THE BOARD

themselves for re-election at the AGM. In replacement of Dr. Chow Yei Ching, the Board proposed to put forward Mr. Chow Vee Tsung, Oscar for election as an independent non-executive Director at the AGM. If Mr. Chow Vee Tsung, Oscar is elected, he will hold office from the AGM date to the conclusion of the annual general meeting of the Company of 2015. Subject to his election as at the AGM, the Board also proposes to appoint him as a member of the remuneration committee, nomination committee and audit committee of the Board.

Mr. Chow Vee Tsung, Oscar is the son of Dr. Chow Yei Ching. Other than such family relationship with Dr. Chow Yei Ching, who himself is able to satisfy the Stock Exchange's independence criteria in Rule 3.13 of the Listing Rules, Mr. Chow Vee Tsung, Oscar is not otherwise connected with any other Director, the chief executive of the Company or substantial Shareholder within the two years immediately prior to the date of his proposed appointment as independent non-executive Director and is able to satisfy all other independence criteria in Rule 3.13 of the Listing Rules.

The Board considered that Mr. Chow Vee Tsung, Oscar is the suitable candidate to fill up the causal vacancy of the independent non-executive Director as Mr. Chow Vee Tsung, Oscar possesses time, skills, knowledge and expertise to carry out his duties. The Board also considered that the family relationship between Dr. Chow Yei Ching and Mr. Chow Vee Tsung, Oscar would not affect Mr. Chow Vee Tsung, Oscar's independence when performing his duties as an independent non-executive Director and accordingly considered him to be independent in accordance with the guidelines for assessing independence as set out in Rule 3.13 of the Listing Rules.

Brief biographical details of the above-mentioned Directors who are proposed to be re-elected or elected at the AGM are set out in Appendix II to this circular.

6. INCREASE IN AUTHORISED SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$300,000,000.00 divided into 3,000,000,000 Shares of which 2,460,344,830 Shares were in issue. As at the Latest Practicable Date, the outstanding options carrying rights to subscribe for an aggregate of 16,240,800 Shares were granted by the Company. The Board proposes to increase the authorised share capital of the Company from HK\$300,000,000.00 to HK\$500,000,000.00 by the creation of an additional 2,000,000,000 Shares of HK\$0.10 each. The proposed increase in authorised share capital of the Company is subject to the approval of the Shareholders by way of an ordinary resolution, namely, Ordinary Resolution No. 8 in the AGM Notice, at the AGM.

Immediately after the completion of increase in authorised share capital of the Company and assuming no new Shares are issued or no Shares are repurchased from the Latest Practicable Date up to the AGM, the authorised share capital of the Company will be HK\$500,000,000 divided into 5,000,000,000 Shares, with 2,460,344,830 Shares in issue and 2,539,655,170 Shares remaining unissued.

The Board has no present intention of issuing any part of the proposed increased authorised share capital, but consider that the increase of authorised share capital shall provide the Company a flexibility for future investment opportunities. The Board believes that the increase in the authorised share capital of the Company is in the interests of the Company and the Shareholders as a whole. The proposed increase in the authorised share capital of the Company will take effect upon the relevant resolution approving the same is passed by the Shareholders at the AGM.

LETTER FROM THE BOARD

7. ANNUAL GENERAL MEETING

The AGM Notice, which contains, inter alia, the Ordinary Resolutions for the Repurchase Mandate, the Share Issue Mandate, the extension of the Share Issue Mandate, the declaration of the Dividend and closure of register of members, the re-election of retiring Directors and election of a new Director and the increase of authorised share capital of the Company, is set out on pages 14 to 18 of this circular.

8. ACTION TO BE TAKEN

A form of proxy for use at the AGM is enclosed with this circular. Whether or not you are able to attend the AGM in person, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Company's branch share registrar in Hong Kong, 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 not less than 48 hours before the time appointed for holding of the AGM or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjourned meeting (as the case may be).

9. RECOMMENDATION

The Directors are of the opinion that the proposals referred to in this circular are in the best interests of the Company and the Shareholders and therefore recommend you to vote in favour of all the relevant resolutions to be proposed at the AGM.

10. DIRECTORS' RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Yours faithfully,
By Order of the Board
Towngas China Company Limited
Ho Hon Ming, John
Executive Director and Company Secretary

1. LISTING RULES

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own shares on the Stock Exchange subject to certain restrictions. This appendix serves as an explanatory statement as required by the Share Buy-Back Rules to be sent to the Shareholders in connection with the proposed Repurchase Mandate.

2. REASONS FOR REPURCHASES

The Directors believe that the Repurchase Mandate is in the best interests of the Company and its Shareholders as a whole. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or earnings per Share of the Company and will only be made when the Directors believe that such a repurchase will benefit the Company and its Shareholders.

3. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 2,460,344,830 Shares.

Subject to the passing of Ordinary Resolution No. 4 in the AGM Notice and on the basis that no further Shares will be issued or repurchased by the Company prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 246,034,483 Shares (representing 10% of the aggregate nominal amount of the issued share capital of the Company as at the Latest Practicable Date) during the period from the date of passing of Ordinary Resolution No. 4 set out in the AGM Notice up to (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 or any applicable laws of the Cayman Islands to be held; or (iii) the revocation, variation or renewal of the Repurchase Mandate by ordinary resolution of the Shareholders in general meeting, whichever is the earliest.

4. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association, the Articles and the applicable laws and regulations of the Cayman Islands. The Company may not purchase securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

5. GENERAL

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited consolidated financial statements contained in the Annual Report) in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the

circumstances, have a material adverse effect on the working capital requirements of the Company or on its gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

6. SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange during each of the previous twelve months before the Latest Practicable Date were as follows:

	Share Price	
	Highest HK\$	Lowest HK\$
May 2011	4.30	4.08
June 2011	4.31	3.97
July 2011	4.31	4.04
August 2011	4.29	3.88
September 2011	4.58	3.90
October 2011	4.48	3.70
November 2011	4.45	4.16
December 2011	4.49	4.08
January 2012	4.50	4.18
February 2012	4.63	4.25
March 2012	5.81	4.59
April 2012 (up to the Latest Practicable Date)	5.85	5.56

7. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate and in accordance with the Listing Rules, the memorandum of association of the Company, the Articles and the applicable laws of the Cayman Islands.

None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, any of their associates (as defined in the Listing Rules), has any present intention to sell any Shares to the Company under the Repurchase Mandate if such is approved by the Shareholders and exercised by the Board.

No connected person (as defined in the Listing Rules) has notified the Company that it has a present intention to sell Shares to the Company, nor has undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders and exercised by the Board.

8. TAKEOVERS CODE

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of Rule 32 of the Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the Shareholder's interests, could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, so far as is known to the Directors, (a) the number of Shares held by HKCG, through its various wholly-owned subsidiaries, was 1,628,172,901 Shares representing approximately 66.18% of the issued share capital of the Company as at the Latest Practicable Date; (b) the number of Shares held by the associates of Mr. Ou Yaping, a former executive Director of the Company, was 195,487,245 Shares representing approximately 7.95% of the issued share capital of the Company as at the Latest Practicable Date; and (c) the number of Shares held by Commonwealth Bank of Australia, through its various indirect wholly-owned subsidiaries, was 147,624,900 Shares representing approximately 6.00% of the issued share capital of the Company as at the Latest Practicable Date. In the event that the Directors exercise in full the power to repurchase Shares under the Repurchase Mandate, (a) the percentage shareholding of HKCG, through its various wholly-owned subsidiaries, in the Company shall increase from approximately 66.18% to approximately 73.53%, (b) the aggregate percentage shareholding of the associates of Mr. Ou Yaping shall increase from approximately 7.95% to approximately 8.83%, and (c) the aggregate percentage shareholding of Commonwealth Bank of Australia, through its various indirect wholly-owned subsidiaries, in the Company shall increase from approximately 6.00% to approximately 6.67%.

Saved as disclosed in above, the Directors are not aware of any other consequences which may arise under Rules 26 and 32 of the Takeovers Code. The Directors do not intend to exercise the Repurchase Mandate to an extent which would, in the circumstances, trigger any potential consequences under the Takeovers Code.

9. SHARE REPURCHASES BY THE COMPANY

No repurchases of Shares have been made by the Company in the six months preceding the Latest Practicable Date, whether on the Stock Exchange or otherwise.

The particulars of the retiring Directors proposed to be re-elected and the new Director proposed to be elected at the AGM are set out as follows:

(1) MR. CHAN WING KIN, ALFRED

Mr. Chan Wing Kin, Alfred, *B.B.S., C.Eng., F.H.K.I.E., F.I.Mech.E., F.I.G.E.M., F.E.I., M.Sc.(Eng), B.Sc.(Eng)*, aged 61, has been the Chairman and an Executive Director of the Company since 1 March 2007. Mr. Chan is the Managing Director of HKCG (a public listed company in Hong Kong and the controlling shareholder of the Company) and holds directorships in various subsidiaries of HKCG. He is also an Independent Non-executive Director of Standard Chartered Bank (Hong Kong) Limited and a director of Shenzhen Gas Corporation Ltd., which is a listed company on the Shanghai Stock Exchange. He is a Vice Chairman of China Gas Association. Mr. Chan received the Executive Award under the DHL/SCMP Hong Kong Business Awards 2005 and the Director of the Year Awards — Listed Companies (SEHK — Hang Seng Index Constituents) Executive Directors from The Hong Kong Institute of Directors in 2006. Mr. Chan is a Chartered Engineer, Fellow of The Hong Kong Institution of Engineers; Fellow of The Institution of Mechanical Engineers, Fellow of The Institution of Gas Engineers & Managers and Fellow of The Energy Institute of the United Kingdom. Save as disclosed above, Mr. Chan did not hold any directorship in any other public listed companies, whether in Hong Kong or overseas, in the previous 3 years.

Mr. Chan has not entered into any service agreement with the Company. There is no specific term of his appointment but he is subject to retirement and re-election in accordance with the provisions of the Articles. Mr. Chan has received a director's fee of HK\$200,000 for the year ended 31 December 2011. His emoluments are determined by the Board from time to time with reference to his duties and responsibilities and the Company's performance and profitability.

Save as disclosed herein, as at the Latest Practicable Date, (a) Mr. Chan does not have any relationships with any Directors, senior management or substantial or controlling shareholders of the Company, and (b) so far as the Directors are aware, there are no other matters concerning Mr. Chan that need to be brought to the attention of the Shareholders nor any information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to Rule 13.51(2)(v) of the Listing Rules. As at the Latest Practicable Date, Mr. Chan has personal interest in 150,543 shares in HKCG (being an associated corporation of the Company) representing 0.00% of the issued share capital of HKCG as at the Latest Practicable Date and has 3,618,000 share options granted by the Company to subscribe for 3,618,000 Shares representing approximately 0.15% of the issued share capital of the Company as at the Latest Practicable Date, within the meaning of Part XV of the SFO.

(2) MS. LAW WAI FUN, MARGARET

Ms. Law Wai Fun, Margaret, *FHKIHRM, MBA, BA(Hons), DipEd*, aged 61, was appointed as an Executive Director of the Company on 31 December 2009. Ms. Law has been the Head — Corporate Human Resources of HKCG (a public listed company in Hong Kong and the controlling shareholder of the Company) since 2006. Ms. Law has been in the field of human resources for more than 30 years. She chairs the Committee on Management and Supervisory Training of the Vocational Training Council, and was conferred the VTC Honorary Fellowship in 2010. Save as disclosed above, Ms. Law did not hold any directorship in any other public listed companies, whether in Hong Kong or overseas, in the previous 3 years.

Ms. Law has not entered into any service agreement with the Company. There is no specific term of her appointment but she is subject to retirement and re-election in accordance with the provisions of the Articles. Ms. Law has received a director's fee of HK\$200,000 for the year ended 31 December 2011. Her emoluments are determined by the Board from time to time with reference to her duties and responsibilities and the Company's performance and profitability.

Save as disclosed herein, as at the Latest Practicable Date, (a) Ms. Law does not have any relationships with any Directors, senior management or substantial or controlling shareholders of the Company, and (b) so far as the Directors are aware, there are no other matters concerning Ms. Law that need to be brought to the attention of the Shareholders nor any information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to Rule 13.51(2)(v) of the Listing Rules. As at the Latest Practicable Date, Ms. Law has personal interest in 14,374 shares in HKCG (being an associated corporation of the Company) representing 0.00% of the issued share capital of HKCG as at the Latest Practicable Date, within the meaning of Part XV of the SFO.

(3) MR. CHOW VEE TSUNG, OSCAR

Mr. Chow Vee Tsung, Oscar, aged 37, is an executive director of Chevalier International Holdings Limited, a public company listed in Hong Kong. He was educated in Hong Kong, Canada and the United Kingdom and graduated from the University of Oxford, the United Kingdom with a degree in Master of Engineering. In 1997, he returned to Hong Kong to engage in the finance sector and had worked in the corporate finance division of BNP Prime Peregrine and subsequently worked as an Associate Underwriter of Centre Solutions (Asia) Limited, a subsidiary of Zurich Financial Services, before he joined the Chevalier Group in 2000.

Mr. Oscar Chow is a General Committee Member of the Hong Kong General Chamber of Commerce and a General Committee Member of the Chinese Manufacturers' Association of Hong Kong. He is also a Committee Member of the Shanghai Chinese People's Political Consultative Conference, a Committee Member of the Advisory Council on the Environment, a Member of the SME Development Fund Vetting Committee and a Court Member of The Hong Kong University of Science and Technology, The Hong Kong Polytechnic University and The University of Hong Kong. His other directorship in public listed company in the last 3 years includes Dingyi Group Investment Limited (formerly known as Chevalier Pacific Holdings Limited). Mr. Oscar Chow resigned from Dingyi Group Investment Limited in October 2011. Save as disclosed above, Mr. Oscar Chow did not hold any directorship in any other public listed companies, whether in Hong Kong or overseas, in the previous 3 years.

Mr. Oscar Chow is the son of Dr. Chow Yei Ching, an independent non-executive Director who proposes to retire from directorship at the AGM. Other than such family relationship with Dr. Chow Yei Ching, who himself is able to satisfy the Stock Exchange's independence criteria in Rule 3.13 of the Listing Rules, Mr. Oscar Chow is not otherwise connected with any other Director, the chief executive of the Company or substantial Shareholder within the two years immediately prior to the date of his proposed appointment as an independent non-executive Director and is able to satisfy all other independence criteria in Rule 3.13 of the Listing Rules. As such, the Company is of the view that the family relationship between Dr. Chow Yei Ching and Mr. Oscar Chow would not affect Mr. Oscar Chow's independence when performing his duties as an independent non-executive Director of the Company and accordingly considers that Mr. Oscar Chow is independent.

Mr. Oscar Chow has not yet entered into any service contract with the Company. Subject to election at the AGM, it is proposed that he will be appointed for an initial term of 3 years and his emoluments will be determined by the Board with reference to his duties and responsibilities and the Company's performance and profitability.

Save as disclosed herein, as at the Latest Practicable Date, (a) Mr. Oscar Chow does not have any relationships with any Directors, senior management of the Company or substantial Shareholders or controlling Shareholders, and (b) so far as the Directors are aware, there are no other matters concerning Mr. Oscar Chow that need to be brought to the attention of the Shareholders nor any information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to Rule 13.51(2)(v) of the Listing Rules. As at the Latest Practicable Date, Mr. Oscar Chow does not have any interest in shares of the Company within the meaning of Part XV of the SFO.

NOTICE OF ANNUAL GENERAL MEETING



港華燃氣有限公司 Towngas China Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1083)

NOTICE IS HEREBY GIVEN THAT the annual general meeting (the “**Annual General Meeting**”) of TOWNGAS CHINA COMPANY LIMITED (the “**Company**”) will be held at Concord Room, 8/F, Renaissance Harbour View Hotel, 1 Harbour Road, Wanchai, Hong Kong, on Monday, 4 June 2012, at 11:00 a.m., for the following purposes:

1. To receive and adopt the audited consolidated financial statements and the reports of the directors of the Company (the “**Directors**”) and auditor of the Company for the year ended 31 December 2011;
2. To re-elect the retiring Directors and to elect a new Director and to authorise the board of Directors (the “**Board**”) to fix the remuneration of the Directors;
3. To re-appoint auditor of the Company and to authorise the Board to fix the remuneration of the auditor of the Company;
4. To consider and, if thought fit, pass (with or without modifications) the following resolution as an ordinary resolution of the Company:

“THAT:

- (a) subject to paragraph (b) of this resolution, the exercise by the directors of the Company (the “**Directors**”) during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase its shares of HK\$0.10 each in the share capital of the Company (the “**Shares**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or any other stock exchange on which the shares of the Company may be listed and recognised by The Securities and Futures Commission of Hong Kong (the “**Securities and Futures Commission**”) and the Stock Exchange for such purpose, subject to and in accordance with the rules and regulations of the Securities and Futures Commission, the Stock Exchange or of any other stock exchange as amended from time to time and all applicable laws in this regard, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which the Directors are authorised to repurchase pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

- (c) for the purpose of this resolution, “**Relevant Period**” means the period from the date of passing of this resolution until whichever is the earliest 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 any applicable law of the Cayman Islands to be held; and
 - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.”
5. To consider and, if thought fit, pass (with or without modifications) the following resolution as an ordinary resolution of the Company:

“**THAT:**

- (a) subject to paragraph (c) of this resolution, and pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the exercise by the directors of the Company (the “**Directors**”) during the Relevant Period (as hereinafter defined) of all powers of the Company to allot, issue and deal with additional shares of HK\$0.10 each in the share capital of the Company (the “**Shares**”) and to make or grant offers, agreements and options (including bonds, warrants, debentures, notes and any securities which carry rights to subscribe for or are convertible into shares of the Company) which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall authorise the Directors during the Relevant Period to allot, issue and deal with additional Shares and to make or grant offers, agreements and options (including bonds, warrants, debentures, notes and any securities which carry rights to subscribe for or are convertible into shares of the Company) which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the Directors pursuant to the approval in paragraph (a) of this resolution during the Relevant Period, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) any issue of Shares for the grant or exercise of any option under any share option scheme of the Company or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or (iii) any issue of Shares as scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Articles of Association of the Company in force from time to time; or (iv) any issue of Shares in the Company upon the exercise of rights of subscription or conversion under the terms of any existing warrants of the Company or any existing securities of the Company,

NOTICE OF ANNUAL GENERAL MEETING

shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

- (d) for the purpose of this resolution, “**Relevant Period**” means the period from the date of passing of this resolution until whichever is the earliest 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 any applicable law of the Cayman Islands to be held; and
 - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.

“**Rights Issue**” means an offer of shares in the Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by the Directors to holders of shares in the Company whose names appear on the register on a fixed record date in proportion to their holdings of such shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, or any recognised regulatory body or any stock exchange applicable to the Company).”

6. To consider and, if thought fit, pass (with or without modifications) the following resolution as an ordinary resolution of the Company:

“**THAT** conditional upon the passing of resolutions nos. 4 and 5 set out in the notice convening this meeting, the unconditional general mandate granted to the directors of the Company to allot, issue and deal with additional shares and to make or grant offers, agreements and options which might require the exercise of such powers pursuant to resolution no. 5 set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to resolution no. 4 set out in the notice convening this meeting, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this resolution.”

NOTICE OF ANNUAL GENERAL MEETING

7. As special business, to consider and, if thought fit, pass (with or without modifications) the following resolution as an ordinary resolution of the Company:

“**THAT** the payment of a final dividend from the share premium account of the Company of five HK cents per share in respect of the year ended 31 December 2011 to the shareholders of the Company whose names appeared on the register of members of the Company on 12 June 2012 be and is hereby approved.”

8. As special business, to consider and, if thought fit, to pass (with or without modification) the following resolution as an ordinary resolution:

“**THAT** the authorised share capital of the Company be increased to HK\$500,000,000.00 by the creation of an additional 2,000,000,000 shares of HK\$0.10 each.”

By Order of the Board
Towngas China Company Limited
Ho Hon Ming, John
Executive Director and Company Secretary

Hong Kong, 17 April 2012

Registered Office:

P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Principal Place of Business in Hong Kong:

23rd Floor
363 Java Road
North Point
Hong Kong

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote instead of such member. A proxy need not be a member of the Company.
2. Completion and delivery of the form of proxy will not preclude a shareholder from attending and voting at the meeting if the member so desires.
3. At the Annual General Meeting, in compliance with Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the chairman of the meeting will exercise his power under Article 76 of the Articles of Association to put each of the resolutions set out in this notice of Annual General Meeting to vote by way of poll.
4. In order to be valid, the form of proxy together with a power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority must be deposited with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof.
5. With regard to item no. 2 in this notice, the Board proposes that the retiring Directors namely, Mr. Chan Wing Kin, Alfred and Ms. Law Wai Fun, Margaret be re-elected as Directors. The Board also proposes Mr. Chow Vee Tsung, Oscar to be elected as an independent non-executive Director of the Company. Biographical details of these Directors are set out in Appendix II to the circular dispatched to shareholders of the Company dated 17 April 2012.
6. As at the date of this notice, the executive Directors of the Company are Mr. Chan Wing Kin, Alfred (Chairman), Mr. Wong Wai Yee, Peter (Chief Executive Officer), Mr. Kwan Yuk Choi, James, Mr. Ho Hon Ming, John (Company Secretary), and Ms. Law Wai Fun, Margaret, and the independent non-executive Directors of the Company are Dr. Chow Yei Ching, Dr. Cheng Mo Chi, Moses and Mr. Li Man Bun, Brian David.