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*(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 1083)*

**PLACING AND ISSUE OF NEW SHARES  
UNDER GENERAL MANDATE**

**AND**

**RESUMPTION OF TRADING**



**As Placing Agents**

On 10 January 2013 (before the opening of the trading hours), the Company and the Placing Agents entered into the Placing Agreement pursuant to which each of the Placing Agents has conditionally agreed with the Company to act as agents for the Company during the Placing Period to procure subscribers to subscribe for, or failing which to subscribe as principal, severally and not jointly nor jointly and severally, in their respective proportions for a total of 150,000,000 new Shares at a price of HK\$6.31 per Placing Share.

The Placing Price represents a discount of approximately 4.10% to the closing price of HK\$6.58 per Share as quoted on the Stock Exchange on the Last Trading Day and a discount of approximately 2.77% to the average closing price of approximately HK\$6.49 per Share as quoted on the Stock Exchange for the last 5 trading days immediately preceding 9 January 2013, the date on which trading in the Shares was halted pending the

issue of this announcement. The Placing Shares represent approximately 6.10% of the issued share capital of the Company as at the date of this announcement and approximately 5.75% of the issued share capital of the Company as it would be enlarged by the allotment and issue of the Placing Shares.

Assuming completion of the placing of all the Placing Shares, the gross proceeds from the Placing will be approximately HK\$946,500,000 and the net proceeds from the Placing (after deduction of commission and other expenses of the Placing) are estimated to be approximately HK\$930,260,000. Based on such estimated net proceeds, the net issue price per Placing Share is approximately HK\$6.20. It is currently intended that the net proceeds of the Placing will be used as general working capital and for future investments of the Group.

The Placing Shares are to be issued under the general mandate granted to the Directors at the annual general meeting of the Company held on 4 June 2012 and accordingly the issue of the Placing Shares is not subject to Shareholders' approval.

The Company has applied to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 10 January 2013 following the publication of this announcement.

**Completion of the Placing is subject to the fulfilment of the condition precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and investors of the Company are advised to exercise caution when dealing in the Shares.**

## **THE PLACING AGREEMENT**

### **Date**

10 January 2013

### **Parties**

- (a) the Company
- (b) HSBC and UBS as the Placing Agents

The Company appointed the Placing Agents for the Placing. Each of the Placing Agents has conditionally agreed with the Company, subject to the terms and conditions of the Placing Agreement, to act as agents for the Company during the Placing Period to procure subscribers to subscribe for, or failing which to subscribe as principal, severally and not jointly nor jointly and severally, in their respective proportions for a total of 150,000,000 new Shares at a price of HK\$6.31 per Placing Share. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Placing Agents are Independent Third Parties.

### **Placees**

The Placing Agents have informed the Company that they intend to place the Placing Shares to no less than six Placees (who will be independent Placees consisting of professional, institutional or other investors). To the best knowledge, information and belief of the Directors, the Placees and their ultimate beneficial owners will be Independent Third Parties.

## **Placing Shares**

The Placing Shares represent approximately 6.10% of the issued share capital of the Company of 2,460,344,830 Shares as at the date of this announcement and approximately 5.75% of the issued share capital of the Company as it would be enlarged by the allotment and issue of the Placing Shares.

The Placing Shares, when issued and fully paid, will rank equally with the Shares in issue as at the date of allotment of the Placing Shares.

## **General Mandate**

The Placing Shares will be issued pursuant to the general mandate to allot, issue and deal with the Shares granted by the Shareholders to the Directors at the annual general meeting of the Company held on 4 June 2012. The maximum number of Shares which may be issued by the Company pursuant to the general mandate mentioned above is 492,068,966 Shares. As at the date of this announcement, no shares of the Company have been issued by the Company pursuant to the general mandate mentioned above. Accordingly, the Placing is not subject to Shareholders' approval.

## **Placing Price**

The Placing Price of HK\$6.31 per Placing Share was arrived at after arm's length negotiations between the Company and the Placing Agents, with reference to, among other things, the recent trading price of the Shares on the Stock Exchange. The Placing Price represents a discount of approximately 4.10% to the closing price of HK\$6.58 per Share as quoted on the Stock Exchange on the Last Trading Day and a discount of approximately 2.77% to the average closing price of approximately HK\$6.49 per Share as quoted on the Stock Exchange for the last 5 trading days immediately preceding 9 January 2013, the date on which trading in the Shares was halted pending the issue of this announcement.

## **Condition Precedent**

The Placing is conditional upon the Listing Committee of the Stock Exchange having granted its approval for the listing of, and permission to deal in, the Placing Shares (and such listing and permission not subsequently revoked prior to the delivery of definitive share certificate(s) representing the Placing Shares).

If the above condition is not fulfilled on or before 15 January 2013 (or such later date as may be agreed between the Company and the Placing Agents), the obligations and liabilities of the Company and the Placing Agents under the Placing Agreement shall be null and void, except for antecedent breaches, certain indemnities and the Company's obligation to reimburse certain expenses.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

## **Completion of the Placing**

Completion of the Placing shall take place on the business day after the date on which the condition precedent of the Placing has been fulfilled (or such other date as the Company and the Placing Agents may agree in writing).

**Completion of the Placing is subject to the fulfilment of the condition precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and investors of the Company are advised to exercise caution when dealing in the Shares.**

### **Termination**

The Placing Agents may terminate the Placing Agreement by giving written notice to the Company at any time on or before 9:00 a.m. (Hong Kong time) on the Completion Date if at any time prior to 9:00 a.m. (Hong Kong time) on the Completion Date:

- (a) there develops, occurs or comes into force:
  - (i) any new law or regulation or any change or development involving a prospective change in existing laws or regulations; or
  - (ii) any change or development involving a prospective change (whether or not permanent) in local, national or international monetary, economic, financial, political, fiscal, regulatory, or military conditions; or
  - (iii) any change or development involving a prospective change (whether or not permanent) in local, national or international securities market conditions or currency exchange rates or exchange controls; or
  - (iv) any general moratorium on commercial banking activities declared by the relevant authorities in Hong Kong, the PRC, the United States or the United Kingdom or any disruption in commercial banking or securities settlement or clearance services in Hong Kong, the PRC, the United States or the United Kingdom; or
  - (v) any change or development involving a prospective change in taxation adversely affecting the Company, the Placing Shares or the transfer thereof; or
  - (vi) any event, or series of events, in the nature of force majeure (including, without limitation, any acts of God, outbreak or escalation of hostilities or act of terrorism, declaration of a national or international emergency or war, calamity, crisis, epidemic, outbreak of disease, economic sanctions, strikes, lock-outs, explosion, flooding, earthquake, fire, civil commotion, volcanic eruptions, public disorder); or
  - (vii) any suspension of dealings in the Shares for any period whatsoever (other than as a result of the Placing); or
  - (viii) any moratorium, suspension or restriction on trading in shares or securities generally on the Stock Exchange, the Shenzhen Stock Exchange, the Shanghai Stock Exchange, the London Stock Exchange, the New York Stock Exchange or Nasdaq;

which, individually or in the aggregate, in the sole opinion of the Placing Agents (1) has or will or is likely to have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Group as a whole; or (2) has or will have or is likely to have a material adverse

effect on the success of the Placing; or (3) makes or will make or is likely to make it inadvisable or inexpedient or impracticable for any part of the Placing to be performed or implemented or proceed as envisaged; or

- (b) any breach of any of the representations and warranties by the Company in any material respect set out in the Placing Agreement comes to the knowledge of the Placing Agents or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Completion Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any respect; or
- (c) there has been a breach of, or failure to perform, any undertaking or any other provision of the Placing Agreement on the part of the Company; or
- (d) there is any adverse change, or development involving a prospective adverse change, in the general affairs, condition, results of operations or prospects, management, business, stockholders' equity or in the financial or trading position of the Group as a whole which in the sole judgement of the Placing Agents is or is likely to be materially adverse to the success of the Placing.

The Placing Agents may also at any time by written notice to the Company terminate the Placing Agreement if any of the Placing Shares are not delivered by or on behalf of the Company in accordance with the Placing Agreement.

### **Lock-up Undertaking**

Under the Placing Agreement, the Company has undertaken to the Placing Agents that for a period of 90 days from the Completion Date, the Company will not, except for the Placing Shares and save pursuant to the terms of any employee share option scheme of the Company, (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares or (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) above or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above, in each case, without first having obtained the written consent of the Placing Agents.

### **EFFECT OF THE PLACING**

The shareholding structure in the Company as at the date of this announcement and immediately after completion of the Placing for illustration purposes (by reference to the information on shareholdings available to the Company as at the date of this announcement) is as follows:

Name of Shareholder	As at the date of this announcement		Immediately after completion of the Placing (but assuming no other changes to the issued share capital of the Company or holding thereof)	
	No. of Shares	Approx. %	No. of Shares	Approx. %
Hong Kong & China Gas (China) Limited (“HK&CG(China)”) (Note 1)	1,585,202,901	64.43%	1,585,202,901	60.73%
Planwise Properties Limited (“Planwise”) (Note 1)	40,470,000	1.65%	40,470,000	1.55%
Superfun Enterprises Limited (“Superfun”) (Note 1)	2,500,000	0.10%	2,500,000	0.10%
Enerchina Holdings Limited (“Enerchina”) (Note 2)	187,501,245	7.62%	187,501,245	7.18%
Commonwealth Bank of Australia (“Commonwealth Bank”) (Note 3)	144,438,900	5.87%	144,438,900	5.53%
Placees	0	0%	150,000,000	5.75%
Other shareholders	500,231,784	20.33%	500,231,784	19.16%
<b>Total:</b>	<b>2,460,344,830</b>	<b>100%</b>	<b>2,610,344,830</b>	<b>100%</b>

*Notes:*

- HK&CG(China), Planwise and Superfun are indirect wholly-owned subsidiaries of The Hong Kong and China Gas Company Limited, a company which shares are listed on the main board of the Stock Exchange (Stock Code: 3).*
- Enerchina, a company the shares of which are listed on the main board of the Stock Exchange (Stock Code: 622), was taken to be interested in these 187,501,245 Shares which were held by wholly-owned subsidiaries of Enerchina. Information shown here is based on notification received by the Company pursuant to Part XV of the SFO and an announcement made by Enerchina dated 7 September 2012.*

3. *Commonwealth Bank was taken to be interested in these 144,438,900 Shares which were held by indirect wholly-owned subsidiaries of Commonwealth Bank. Information shown here is based on notification received by the Company pursuant to Part XV of the SFO.*

## **REASONS FOR THE PLACING AND USE OF PROCEEDS**

Assuming completion of the placing of all the Placing Shares, the gross proceeds from the Placing will be approximately HK\$946,500,000 and the net proceeds from the Placing (after deduction of commission and other expenses of the Placing) are estimated to be approximately HK\$930,260,000. Based on such estimated net proceeds, the net issue price per Placing Share is approximately HK\$6.20.

The Company is an investment holding company and its subsidiaries are principally engaged in the sales and distribution of piped gas in the PRC including the provision of piped gas, construction of gas pipelines, the operation of city gas pipeline network, the operation of gas fuel automobile refilling stations, and the sale of gas household appliances. It is currently intended that the net proceeds of the Placing will be used as general working capital and for future investments of the Group.

The Directors consider that the terms of the Placing and the Placing Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

## **FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company had not conducted any fund raising activities involving issue of its securities in the past twelve months immediately preceding the date of this announcement.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 1:00 p.m. on 9 January 2013 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 10 January 2013 following the publication of this announcement.

## **DEFINITIONS**

“Company”	Towngas China Company Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the main board of the Stock Exchange (Stock Code: 1083)
“Completion Date”	the business day after the date on which the condition precedent of the Placing has been fulfilled (or such other date as the Company and the Placing Agents may agree in writing)
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors (including the independent non-executive directors) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited, a registered institution under the SFO registered to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities, and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)
“Independent Third Parties”	parties which are not connected persons of the Company and are independent of the Company and its connected persons
“Last Trading Day”	8 January 2013, being the last full trading day in the Shares on the Stock Exchange immediately preceding the date on which trading in the Shares was halted pending the issue of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Placees”	professional, institutional or other investors procured by the Placing Agents to subscribe for any the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing by or on behalf of the Placing Agents of and, where appropriate, the subscription by the Placing Agents as principal for, the Placing Shares on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agents”	HSBC and UBS
“Placing Agreement”	the placing agreement dated 10 January 2013 entered into between the Company and the Placing Agents in relation to the Placing
“Placing Period”	the period which terminates at 4:00 p.m. (Hong Kong time) on the date of the Placing Agreement (or such later time and date as the Company and the Placing Agents may agree in writing)
“Placing Price”	HK\$6.31 per Placing Share
“Placing Shares”	150,000,000 new Shares
“PRC”	the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of the Shares of the Company
“Shares”	share(s) of HK\$0.10 each in the share capital of the Company



“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“UBS”	UBS AG, Hong Kong Branch, a registered institution under the SFO registered to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities as defined under the SFO
“United States”	the United States of America, its territories and possessions, any state of the United States, and the District of Columbia
“%”	per cent

By order of the Board  
**Towngas China Company Limited**  
**HO Hon Ming, John**  
*Executive Director and Company Secretary*

Hong Kong, 10 January 2013

As at the date of this announcement, the Board comprises:

*Executive Directors:*

CHAN Wing Kin, Alfred (*Chairman*)  
WONG Wai Yee, Peter (*Chief Executive Officer*)  
KWAN Yuk Choi, James  
HO Hon Ming, John (*Company Secretary*)

*Independent Non-Executive Directors:*

CHENG Mo Chi, Moses  
LI Man Bun, Brian David  
CHOW Vee Tsung, Oscar