

THIS SECOND SUPPLEMENTAL AGREEMENT is made by Deed on 2nd day of April 2003.

BETWEEN: -

- (1) THE GOVERNMENT OF THE HONG KONG SPECIAL ADMINISTRATIVE REGION OF THE PEOPLE'S REPUBLIC OF CHINA (the "Government") acting through the Secretary for Economic Development and Labour; and
- (2) THE HONG KONG AND CHINA GAS COMPANY LIMITED (the "Company"), a company incorporated in Hong Kong and having its registered office at 23rd Floor, 363 Java Road, North Point, Hong Kong.

WHEREAS:-

- (A) On 3 April 1997, the parties entered into an agreement (the "Agreement") pursuant to which both parties agreed upon a process of disclosure by the Company of certain corporate information and a process of consultation.
- (B) On 30 March 2000, the parties entered into a supplemental agreement (the "Supplemental Agreement") to extend the term of the Agreement and to amend certain provisions of the Agreement.
- (C) Both parties now wish to further extend the term of the Agreement and to amend certain provisions of the Agreement by entering into this Second Supplemental Agreement.

NOW IT IS HEREBY AGREED AS FOLLOWS:

1. Definitions and Construction

- 1.1 The terms stated and/or defined in the Agreement and the Supplemental Agreement shall have the same meanings herein unless the context requires otherwise.
- 1.2 In this Second Supplemental Agreement, unless the context requires otherwise, words importing the singular shall include the plural and vice versa; references to the Agreement, the Supplemental Agreement and this Second Supplemental Agreement shall be construed as references to such document as the same may be amended or supplemented from time to time unless stated otherwise; clause headings are inserted for convenience only and shall be ignored in construing this Second Supplemental Agreement.

2. Amendments to the Agreement

It is agreed between the Company and the Government that the Agreement is to be amended as set out below with effect from 2 April 2003:

- (a) The term of the Agreement shall be extended for a period of 3 years commencing from 3 April 2003;
- (b) Subclause 4.1 of the Agreement shall be deleted and replaced by the following :

"4.1 The Company shall on or before 30 June of each year provide the Government with a written statement containing the information about the Company during the preceding financial year which is set out in Schedule 3. At the time of submission of the statement to the Government the Company shall also make available this information to the general public.";

- (c) The following shall be added to the Agreement as Subclause 4.3:

"4.3 In addition to the information provided in accordance with subclause 4.2, the Company shall, on or before 30 November of each year, provide the Government with figures showing its planned capital expenditure and network repairs and maintenance expenditure in respect of the following financial year and, on or before 30 June of each year, provide the Government with figures showing the actual costs incurred for each of the items above in respect of the preceding financial year. The information provided under this subclause 4.3 shall not be disclosed by the Government to any third party, without the prior written consent of the Company."; and

- (d) Schedule 3 is to be amended and replaced by the new Schedule 3 which is attached to this agreement.

3. Miscellaneous

3.1 References in the Agreement

This Second Supplemental Agreement shall be deemed to form part of the Agreement. Accordingly, all references in the Agreement to this "Agreement" shall be construed as references to the Agreement as supplemented and amended by the Supplemental Agreement and this Second Supplemental Agreement. Subject to the provisions of this Second Supplemental Agreement, the Agreement and the Supplemental Agreement shall remain in full force and effect.

3.2 Governing Law

This Second Supplemental Agreement shall be governed by and interpreted in accordance with the laws of the Hong Kong Special Administrative Region of the People's Republic of China.

IN WITNESS whereof the parties hereto have executed this document as a Deed on the day and year first above written.

The Common Seal of)
THE HONG KONG AND CHINA)
GAS COMPANY LIMITED)
was affixed in the presence of:)
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_____)
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SIGNED, SEALED AND DELIVERED BY)
the Secretary for Economic Development)
and Labour)
for and on behalf of THE GOVERNMENT)
OF THE HONG KONG SPECIAL)
ADMINISTRATIVE REGION OF)
THE PEOPLE'S REPUBLIC OF CHINA)
in the presence of:)
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_____)
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SCHEDULE 3

Financial, operational, environmental and safety information to be provided by the Company under Clause 4

(1) **Financial**

- (i) annual review of the business of the Company;
- (ii) profit and loss account of the Company, the Maintenance Service provided under the Fixed Monthly Service Charge;
- (iii) balance sheet;
- (iv) auditor's report; and
- (v) number of directors within different bands of remuneration and the analysis of directors' remuneration including -
 - (a) directors' fee;
 - (b) basic salaries and allowances;
 - (c) contributions to pension schemes for directors;
 - (d) directors' bonuses; and
 - (e) sign-on fees and terminal payment.

(2) **Operational**

- (i) service standards;
- (ii) efficiency (including measures to improve efficiency);
- (iii) customer liaison;
- (iv) performance pledges;
- (v) Fixed Monthly Service Charges; and
- (vi) Fuel Cost Variation Charges.

(3) **Environmental**

- (i) environmental policy and objectives;
- (ii) relevant environmental aspects and environmental performance of the company's activities and facilities;
- (iii) environmental actions, programmes and education;

- (iv) environmental promotional activities;
- (v) energy saving;
- (vi) significant environmental achievements; and
- (vii) awareness and outreach programmes such as community environmental programmes.

(4) **Safety**

- (i) network and production plant safety;
- (ii) customer safety;
- (iii) occupational safety; and
- (iv) safety service pledge.