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# **CHINA GAS HOLDINGS LIMITED**

## **中國燃氣控股有限公司\***

*(incorporated in Bermuda with limited liability)*

(Stock Code: 384)

### **ANNOUNCEMENT**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board was notified by Mr. Liu that Mr. Liu has entered into a sale and purchase agreement on 8 March 2005 with Hai Xia pursuant to which Mr. Liu agreed to sell and Hai Xia agreed to purchase the Sale Shares in five tranches for a cash consideration in the aggregate amount of HK\$330,000,000. The consideration was determined after arm's length negotiation between Mr. Liu and Hai Xia. Completion of the sale and purchase of the Sale Shares shall be divided into five tranches and are expected to take place on 31 March 2005, 30 April 2005, 30 September 2005, 28 February 2006 and 31 August 2006 respectively or such other dates as Mr. Liu and Hai Xia may agree.

Trading in Shares on the Stock Exchange was suspended at the request of the Company from 9:30 a.m. on 8 March 2005 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in Shares at 9:30 a.m. on 10 March 2005.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

### **THE AGREEMENT**

The Board was notified by Mr. Liu, a substantial shareholder (as defined under the Listing Rules) and the managing director of the Company who, and the parties acting in concert with him, as at the date of this announcement, is interested in 385,000,000 Shares, representing approximately 17.38% of the entire issued share capital of the Company as at the date of this announcement, that he has entered into the Agreement to sell the Sale Shares in five tranches to Hai Xia. The Sale Shares represent approximately 8.58% of the entire issued share capital of the Company as at the date of this announcement. Immediately after the Completion, Hai Xia and the parties acting in concert with it will hold 340,000,003 Shares, representing approximately 15.35% of the entire issued share capital of the Company whereas Mr. Liu and the parties acting in concert with him will be interested in 195,000,000 Shares, representing approximately 8.80% of the entire issued share capital of the Company.

## CONSIDERATION

The consideration for the Sale Shares is in the aggregate amount of HK\$330,000,000, with an average price of approximately HK\$1.74 per Sale Share, which shall be paid by Hai Xia to Mr. Liu in the following manner:

- (1) the consideration for the First-tranche Sale Shares is HK\$12,000,000, or HK\$1.2 per Sale Share, which is payable by Hai Xia to Mr. Liu on 31 March 2005 or such other date as Mr. Liu and Hai Xia may agree;
- (2) the consideration for the Second-tranche Sale Shares is HK\$28,000,000, or HK\$1.4 per Sale Share, which is payable by Hai Xia to Mr. Liu on 30 April 2005 or such other date as Mr. Liu and Hai Xia may agree;
- (3) the consideration for the Third-tranche Sale Shares is HK\$80,000,000, or HK\$1.6 per Sale Share, which is payable by Hai Xia to Mr. Liu on 30 September 2005 or such other date as Mr. Liu and Hai Xia may agree;
- (4) the consideration for the Fourth-tranche Sale Shares is HK\$90,000,000, or HK\$1.8 per Sale Share, which is payable by Hai Xia to Mr. Liu on 28 February 2006 or such other date as Mr. Liu and Hai Xia may agree; and
- (5) the consideration for the Fifth-tranche Sale Shares is HK\$120,000,000, or HK\$2.0 per Sale Share, which is payable by Hai Xia to Mr. Liu on 31 August 2006 or such other date as Mr. Liu and Hai Xia may agree.

## COMPLETION

Completion of the Agreement is conditional upon the condition that the Executive Director of the SFC giving ruling, direction or confirmation that the transactions contemplated by the Agreement will not give rise to any obligation on the part of Hai Xia and parties acting in concert with it, to make a general offer for any securities of the Company under rule 26 of the Code. An application will be made by Hai Xia to the Executive Director of the SFC for such confirmation as soon as possible.

Upon fulfillment of the above condition which shall not be later than 14 days after the date of the Agreement, completion of the sale and purchase of the First-tranche Sale Shares, Second-tranche Sale Shares, Third-tranche Sale Shares, Fourth-tranche Sale Shares and the Fifth-tranche Sale Shares shall take place on 31 March 2005, 30 April 2005, 30 September 2005, 28 February 2006 and 31 August 2006 respectively or such other dates as Mr. Liu and Hai Xia may agree.

Immediately upon Completion, Hai Xia and the parties acting in concert with it will hold 340,000,003 Shares, representing approximately 15.35% of the entire issued share capital of the Company whereas Mr. Liu and the parties acting in concert with him will be interested in 195,000,000 Shares, representing approximately 8.80% of the entire issued share capital of the Company.

The Board was informed that none of the existing director of the Company will resign nor any other persons will be appointed as directors of the Company upon Completion.

After Completion, the business operation and the composition of the management of the Company will remain unchanged.

## SHAREHOLDING STRUCTURE OF THE COMPANY

| Name of the Shareholder                        | As at the date of this announcement |             | Immediately after the Completion |             |
|------------------------------------------------|-------------------------------------|-------------|----------------------------------|-------------|
|                                                | No. of Share                        | Percentage  | No. of Share                     | Percentage  |
| Hai Xia                                        | 150,000,003                         | 6.77%       | 340,000,003                      | 15.35%      |
| Sinopec ( <i>note 1</i> )                      | 210,000,000                         | 9.48%       | 210,000,000                      | 9.48%       |
| Mr. Liu ( <i>note 2</i> )                      | 385,000,000 ( <i>note 3</i> )       | 17.38%      | 195,000,000                      | 8.80%       |
| China Credit Holding Limited ( <i>note 4</i> ) | 10,000                              | 0.01%       | 10,000                           | 0.01%       |
| Other Public Shareholder                       | 1,469,622,335                       | 66.36%      | 1,469,622,335                    | 66.36%      |
| Total                                          | <u>2,214,632,338</u>                | <u>100%</u> | <u>2,214,632,338</u>             | <u>100%</u> |

*Notes:*

- Sinopec is a company incorporated in the PRC the issued shares of which are listed on the Stock Exchange. Sinopec is not a connected person of the Company as defined in the Listing Rules and is independent of, not connected with and not a party acting in concert with other shareholders of the Company. The 210,000,000 shares were subscribed by Sinopec by way of placing of new Shares by the Company in 2004.*
- Mr. Liu is independent of and not connected with Hai Xia or its connected persons as defined in the Listing Rules. Mr. Liu and Hai Xia are not parties acting concert with each other.*
- These 385,000,000 Shares represent 329,000,000 Shares beneficially owned by Mr. Liu and the 56,000,000 Shares agreed to be acquired by Mr. Liu from China Credit Holding Limited. Mr. Liu is also interested in 135,000,000 options granted by the Company.*
- China Credit Holding Limited (previously known as Heng Fung Holdings Limited), is not a party acting in concert with other shareholders of the Company and according to the disclosure of interest notice dated 25 February 2005, China Credit Holding Limited was interested in 56,010,000 Shares, representing approximately 2.53% of the entire issued share capital of the Company as at the date of this announcement.*

## GENERAL

The Group is principally engaged in investment in, and the operation and management of, gas pipeline infrastructure and the sale and distribution of piped natural gas and compressed natural gas in the PRC.

Hai Xia is a substantial shareholder (as defined in the SFO) of the Company which, together with the parties acting in concert with it, hold 150,000,003 Shares, representing approximately 6.77% of the entire issued share capital of the Company as at the date of the announcement. Hai Xia is a wholly owned subsidiary of Strait Economic and Technologic Cooperation Centre (“SETCC”), a unit of the Taiwan Affairs Office of the State Council. SETCC is a business entity founded in 1994 that is registered with the State Administration for Industry and commerce and is under the direct leadership of the Taiwan Affairs Office of the State Council.

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## DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms shall have the following meanings:

|                             |                                                                                                                                            |
|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| “Agreement”                 | the sale and purchase agreement dated 8 March 2005 made between Mr. Liu and Hai Xia in respect of the sale and purchase of Sale Shares;    |
| “Board”                     | the board of directors of the Company;                                                                                                     |
| “Business Day(s)”           | any day on which the Stock Exchange is open for the business of dealings in securities;                                                    |
| “Code”                      | the Hong Kong Code on Takeovers and Mergers;                                                                                               |
| “Company”                   | China Gas Holdings Limited, a company incorporated in Bermuda with limited liability whose issued Shares are listed on the Stock Exchange; |
| “Completion”                | completion of the sale and purchase of the Sale Shares;                                                                                    |
| “First-tranche Sale Shares” | a total of 10,000,000 Shares to be bought and sold pursuant to the Agreement;                                                              |

|                              |                                                                                                                                                                                                  |
|------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Five-tranche Sale Shares”   | a total of 60,000,000 Shares to be bought and sold pursuant to the Agreement;                                                                                                                    |
| “Four-tranche Sale Shares”   | a total of 50,000,000 Shares to be bought and sold pursuant to the Agreement;                                                                                                                    |
| “Group”                      | the Company and its subsidiaries;                                                                                                                                                                |
| “Hai Xia”                    | Hai Xia Finance Holdings Limited, a company incorporated in the British Virgin Islands with limited liability;                                                                                   |
| “Hong Kong”                  | the Hong Kong Special Administrative Region of the PRC;                                                                                                                                          |
| “Listing Rules”              | the Rules Governing the Listing of Securities on the Stock Exchange;                                                                                                                             |
| “Mr. Liu”                    | Mr. Liu Ming Hui, the managing director of the Company;                                                                                                                                          |
| “PRC”                        | The People’s Republic of China;                                                                                                                                                                  |
| “Sale Shares”                | the First-tranche Sale Shares, the Second-tranche Sale Shares, the Third-tranche Sale Shares, the Fourth-tranche Sale Shares and, the Fifth-tranche Sale Shares, in total of 190,000,000 Shares; |
| “Second-tranche Sale Shares” | a total of 20,000,000 Shares to be bought and sold pursuant to the Agreement;                                                                                                                    |
| “SFC”                        | the Securities and Future Commission of Hong Kong;                                                                                                                                               |
| “SFO”                        | Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)                                                                                                                                |
| “Share(s)”                   | ordinary share(s) of HK\$0.01 each in the share capital of the Company;                                                                                                                          |
| “Sinopec”                    | Sinopec Corp., a company incorporated in the PRC the issued shares of which are listed on the Stock Exchange;                                                                                    |
| “Stock Exchange”             | The Stock Exchange of Hong Kong Limited;                                                                                                                                                         |
| “Third-tranche Sale Shares”  | a total of 50,000,000 Shares to be bought and sold pursuant to the Agreement;                                                                                                                    |

“HK\$”

Hong Kong dollars, the lawful currency of Hong Kong; and

“%”

per cent.

By the order of the Board  
**China Gas Holdings Limited**  
**Liu Ming Hui**  
*Managing Director*

Hong Kong, 9 March 2005

*\* for identification purpose only*

*As at the date of this announcement, Mr. Li Xiaoyun, Mr. Xu Ying, Mr. Liu Ming Hui, Mr. Ma Jin Long and Mr. Zhu Wei Wei are the executive Directors, Mr. Wu Bangjie is the non-executive Director and Mr. Zhao Yu Hua, Dr. Mao Er Wan and Ms. Wong Sin Yue, Cynthia are the independent non-executive Directors.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.*

Please also refer to the published version of this announcement in The Standard.