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中國燃氣控股有限公司*
(incorporated in Bermuda with limited liability)
(Stock Code: 384)

DISCLOSABLE TRANSACTION

ACQUISITION OF 48% EQUITY INTERESTS IN 哈爾濱中慶燃氣有限責任公司 (HARBIN CHONGQING GAS CO. LTD)#

On 22 October 2007, the Company entered into the Agreement with Harbin State Owned Committee pursuant to which the Company agreed to acquire and Harbin State Owned Assets agreed to sell 48% equity interests in Harbin Chongqing Gas for an aggregate consideration of RMB477,300,000 (equivalent to approximately HK\$496,187,500) payable in cash.

The Agreement constitutes a discloseable transaction on the part of the Company under Rule 14.06 of the Listing Rules.

A circular containing, among other things, details of the Acquisition will be despatched to the Shareholders within 21 days after the publication of this announcement.

THE AGREEMENT

Date	:	22 October 2007
Parties	:	(1) Harbin State Owned Committee (2) the Company
Subject assets	:	48% equity interests of Harbin Chongqing Gas
Consideration	:	RMB477,300,000 (equivalent to approximately HK\$496,187,500)

Harbin State Owned Committee, a government authority directly under the Government of Heilongjiang Province, is responsible for supervising state-owned enterprise, restructuring and reorganizing state-owned enterprises in order to enhance the administration of state-owned asset. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Harbin State Owned Committee, are third parties independent of the Company and its connected persons (as defined in the Listing Rules) and are not connected persons (as defined in the Listing Rules) of the Company.

The consideration shall be payable by the Company in cash to Harbin State Owned Committee within twenty working days upon signing of the Agreement.

The Acquisition was made by a tender in August 2007 to 哈爾濱產權交易中心(Harbin Assets and Equity Network)# which is a government body in the PRC responsible for handling all tenders of state-owned properties to be sold in Harbin City, the PRC. The terms of the tender for the Acquisition were provided by 哈爾濱產權交易中心(Harbin Assets and Equity Network)# which were reduced to the Agreement. The aggregate consideration for the Acquisition represented the bid price placed in the tender in respect of the Acquisition and was made with reference to the average of the amount of 48% total assets and 48% net asset value of Harbin Chongqing Gas as at 31 July 2007.

The Directors consider that the sale of the 48% equity interests in Harbin Chongqing Gas by Harbin State Owned Committee was made with an intention of bringing in foreign capital and expertise in the operation and management of natural gas projects in the PRC which is in line with the national policy in the PRC.

Completion

Pursuant to the Agreement, within seven working days upon full payment of the Consideration, Harbin State Owned Committee shall procure Harbin Chongqing Gas to submit all the relevant documents for the regulatory authority for registration of the transfer of the 48% equity interests in the Harbin Chongqing Gas. The effective completion date of the Acquisition shall be the date on which the said registration is completed.

SOURCE OF FUNDING

The consideration for the Acquisition will be financed by the Group's internal resources.

INFORMATION ON HARBIN CHONGQING GAS

Harbin Chongqing Gas is a state-owned enterprise established in Harbin City, Heilongjiang Province, the PRC on 28 September 2006 which is currently owned as to 49% by Harbin State Owned Assets and 51% by 大慶油田中慶燃氣控股有限公司 (Daqing Oil Field Chongqing Gas Holdings Co. Ltd)#.

大慶油田中慶燃氣控股有限公司 (Daqing Oil Field Chongqing Gas Holdings Co. Ltd)# is a wholly owned subsidiary of 中石油大慶油田有限責任公司 (CNPC Daqing Oil Field Ltd)#. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, 大慶

油田中慶燃氣控股有限公司 (Daqing Oil Field Chongqing Gas Holdings Co. Ltd)# and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules) and are not connected persons (as defined in the Listing Rules) of the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, 大慶油田中慶燃氣控股有限公司 (Daqing Oil Field Chongqing Gas Holdings Co. Ltd)# is principally engaged in piped-gas and compressed gas supplies and sales, and sale of natural gas related instruments.

Harbin Chongqing Gas is principally engaged in piped-gas supplies; transport and sales, design and construction of piped-gas networks, LNG, CNG refilling stations and relevant facilities, provision of maintenance and repairing services and manufacturing of gas appliances.

Harbin Chongqing Gas was incorporated in September 2006 and in accordance to the relevant regulations of the PRC, it is not necessary to prepare its audited financial statements at the year of establishment and that no audited financial statements for the year ended 31 December 2006 have been provided and reported on. Harbin Chongqing Gas has not commenced its operation for the period from September 2006 to December 2006. Neither did it record any revenue nor did it record any loss during such period.

As at 31 July 2007, total assets of Harbin Chongqing Gas amounted to RMB1,477,890,000 (equivalent to approximately HK\$1,539,468,750) and net asset value amounted to RMB494,730,000 (approximately HK\$515,343,750). The revenue for the period from 1 January 2007 to 31 July 2007 amounted to RMB 215,650,000 (equivalent to approximately HK\$224,635,416), and net operating loss before and after tax for the period from 1 January 2007 to 31 July 2007 amounted to RMB64,960,000 (equivalent to approximately HK\$67,666,666).

Upon completion of the Acquisition, Harbin Chongqing Gas will be owned as to 48% by the Company, 51% by 大慶油田中慶燃氣控股有限公司 (Daqing Oil Field Chongqing Gas Holdings Co. Ltd)# and 1% by Harbin State Owned Committee. The board of directors of Harbin Chongqing Gas shall comprise nine persons of whom 大慶油田中慶燃氣控股有限公司 (Daqing Oil Field Chongqing Gas Holdings Co. Ltd)# shall be entitled to nominate four persons, two persons to be nominated by the Company, one person shall be nominated by Harbin State Owned Committee, one independent director shall be nominated jointly by Harbin State Owned Committee and 大慶油田中慶燃氣控股有限公司 and one person shall be nominated and elected among the employees of Harbin Chongqing Gas.

INFORMATION ON HARBIN CITY

Harbin city is the provincial city of Heilongjiang Province and is the largest provincial city in the PRC with its areas being occupied. It has a total population nearly 10 million residents and is one of the important industrial cities in the north-eastern part of the PRC.

At as 31 July 2007, there were 1,039,569 developed gas users in Harbin city, and branch and customer pipeline network of approximately 2,000 km. has been completed. In addition, there are currently approximately 3,000 industrial users of natural gas. It is estimated that the usage of natural gas will reach one billion cubic metres by 2011.

REASONS FOR THE ACQUISITION

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

The Directors have always been proactive in seeking opportunities for expanding and enhancing its natural gas business in the PRC. The Directors (including the independent non-executive Directors) consider that the Acquisition offers the Group a good business opportunity to expand its natural gas business in the PRC as Harbin city is the Group's first natural gas project in Heilongjiang Province, the PRC which is in line with the Group's business objective of developing and investing in natural gas projects in the PRC. The Directors (including the independent non-executive Directors) also consider that the Acquisition will enhance the earnings ability of the Group.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Upon completion of the Acquisition, Harbin Chongqing Gas will become an associate of the Company and its results, assets and liabilities are incorporated in the consolidated financial statements by using the equity method of accounting.

GENERAL

The Acquisition constitutes a discloseable transaction on the part of the Company under Rule 14.06 of the Listing Rules.

A circular containing, among other things, details of the Acquisition will be despatched to the Shareholders within 21 days after the publication of this announcement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Acquisition”	the acquisition of 48% equity interests in Harbin Chongqing Gas by the Company pursuant to the Agreement
“Agreement”	the equity transfer agreement dated 22 October 2007 entered into by the Company and Harbin State Owned Committee in relation to, among others, the Acquisition
“CNG”	compressed natural gas
“Company”	China Gas Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange

“connected person”	has the meaning ascribed to this term under the Listing Rules
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Harbin Chongqing Gas”	哈爾濱中慶燃氣有限責任公司 (Harbin Chongqing Gas Co. Ltd.)#, a state-owned enterprise established in Harbin City, Heilongjiang Province, the PRC
“Harbin State Owned Committee”	哈爾濱市人民政府國有資產監督管理委員會 (Stated-owned Assets Supervision and Administration Commission of Harbin Municipal Government)#
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“km.”	kilometers
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LNG”	liquefied natural gas
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency for the time being of the PRC
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the board of directors of
China Gas Holdings Limited
Liu Ming Hui
Managing Director

Hong Kong, 23 October 2007

* *for identification purpose only*

the English translations of Chinese names or words in this announcement, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words,

For the purpose of this announcement, unless otherwise specified, conversions of Renminbi into Hong Kong dollars are based on the approximate exchange rate of HK\$1.00 to RMB0.96. This exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.

As of the date of this announcement, Mr. Li Xiao Yun, Mr. Xu Ying, Mr. Liu Ming Hui, Mr. Ma Jin Long and Mr. Zhu Wei Wei are the executive directors, Mr. Feng Zhuo Zhi, Mr. Mark Gelinis, Mr. Joe Yamagata and Mr. Raj Kumar Goel are the non-executive directors and Mr. Zhao Yu Hua, Dr. Mao Er Wan and Ms. Wong Sin Yue, Cynthia are the independent non-executive directors.