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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)

DISCLOSEABLE TRANSACTION AND RESUMPTION OF TRADING

THE SALE AND PURCHASE AGREEMENT I

The Board announces that on 26 April 2009, the Company entered into the Sale and Purchase Agreement I with the Vendor, for the acquisition of the Sale Share and the Sale Loan. As at the date of the Sale and Purchase Agreement I, the Vendor wholly and beneficially owned Brilliant China. Brilliant China was, in turn, the beneficial owner of the entire equity interests in Zhongmin Zhongran which, in turn, beneficially owned 45.45% of the equity interests in Fujian Anran.

The total consideration for the Sale Share and the Sale Loan is HK\$323,663,905.59.

The Vendor is a company listed on the main board of the Stock Exchange and is an investment holding company. The Vendor Group is principally engaged in the provision of gas fuel and gas pipeline connection, transportation and distribution of liquefied petroleum gas and retail of bottled liquefied petroleum gas and supply of video lottery operating system and bottled equipment in the PRC.

THE SALE AND PURCHASE AGREEMENT II

The Board announces that on 26 April 2009, Zhongran Gas, a wholly owned subsidiary of the Company entered into the Sale and Purchase Agreement II with Beijing Zhongmin, a wholly owned subsidiary of the Vendor, for the acquisition of the Sale Equity. As at the date of the Sale and Purchase Agreement II, Beijing Zhongmin beneficially owned 54.55% of the equity interests in Fujian Anran.

The total consideration for the Sale Equity is RMB40,000,000.

Upon Completion, Brilliant China and Zhongmin Zhongran will be wholly owned subsidiaries of the Group while the Company will own 49% of the equity interests in Fujian Anran. The Group will recognise Fujian Anran as an associated company of the Group.

GENERAL

As the applicable percentage ratios of the Acquisitions under the Listing Rules exceed 5% but are less than 25%, the Acquisitions constitute a discloseable transaction for the Company under the Listing Rules.

RESUMPTION

At the request of the Company, trading in the Shares and the convertible bonds of the Company has been suspended with effect from 9:30 a.m. on 27 April 2009 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares and the convertible bonds of the Company with effect from 9:30 a.m. on 28 April 2009.

INTRODUCTION

The Board announces that on 26 April 2009, (i) the Company, has entered into the Sale and Purchase Agreement I with the Vendor for the acquisition of the Sale Share and the Sale Loan; and (ii) Zhongran Gas, a wholly owned subsidiary of the Company has entered into the Sale and Purchase Agreement II with Beijing Zhongmin, a wholly owned subsidiary of the Vendor for the acquisition of the Sale Equity.

THE SALE AND PURCHASE AGREEMENT I

Date: 26 April 2009

Parties: (1) the Company as purchaser; and
(2) the Vendor as vendor

As at the date of the Sale and Purchase Agreement I, the Vendor wholly and beneficially owned Brilliant China. Brilliant China was, in turn, the beneficial owner of the entire equity interests in Zhongmin Zhongran which, in turn, beneficially owned 45.45% of the equity interests in Fujian Anran.

Assets to be acquired

The Sale Share and the Sale Loan. Further details of the Sale Share and the Sale Loan and the Target Group are set out under the paragraphs headed "Information on the Target Group" below.

Consideration

The Consideration I for the Acquisition I is HK\$323,663,905.59, which will be satisfied by the

Company in cash in the following manner:

- (a) HK\$100,000,000 as deposit and part payment of the Consideration I and shall be payable by the Company to the Vendor within 10 Business Days after the date of the Sale and Purchase Agreement I;
- (b) HK\$207,480,710.31 shall be payable by the Company to the Vendor within 10 Business Days after the passing by the shareholders of the Vendor at the special general meeting of an ordinary resolution to approve the Sale and Purchase Agreements and the transactions contemplated thereunder; and
- (c) the remaining HK\$16,183,195.28 shall be payable by the Company to the Vendor within 10 Business Days after the obtaining of new business licences of Zhongmin Zhongran and Fujian Anran and the completion of the amendments to the respective articles of association of Zhongmin Zhongran and Fujian Anran.

The Consideration I will be funded by internal resources of the Group.

As security for the refund of the Deposit, the Vendor, the Company and Beijing Zhongmin shall execute a share charge (in an agreed form) in favour of the Company, pursuant to which Beijing Zhongmin shall charge an aggregate of 49% of the equity interests in Fujian Anran in favour of the Company as security for the obligations of the Vendor to refund the Deposit with interest calculated at the rate of 5 per cent. per annum, if condition (iii) set out in paragraph headed "Conditions Precedent" below is not satisfied.

Conditions Precedent

Completion of the Acquisition I shall be conditional upon and subject to:

- (i) the completion of the necessary change of registration procedures in relation to the transfer of Target Group by the Vendor and the articles of association of Zhongmin Zhongran and Fujian Anran having been obtained;
- (ii) all necessary consents, authorisation, licences and approvals required to be obtained in respect of the Sale Share and Sale Loan having been obtained and are continue to be valid; and
- (iii) the passing by the shareholders at the Vendor's special general meeting of an ordinary resolution to approve the Sale and Purchase Agreement I and the transactions contemplated thereunder.

Only conditions (i) and (ii) above are waivable under the Sale and Purchase Agreement I while condition (iii) above is not waivable. If the conditions have not been satisfied (or waived) on or before 31 August 2009, or such later date as the Company and the Vendor may agree, the Vendor shall immediate return all the monies already paid by the Company (with interest) to the Company in accordance with the paragraph headed "Refund of Monies" below, and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof. The Sale and Purchase Agreement 1 shall cease and determine. Neither party shall have any obligations and liabilities under this agreement.

Refund of Monies

In the event that condition (iii) above is not fulfilled on or before 31 August 2009 or such later date as the Company and the Vendor may agree, the Vendor shall, within 10 Business Days after the date of the special general meeting, refund all the monies already paid by the Company with interest calculated at the rate of 5 per cent. per annum to the Company.

Completion

Completion of the Acquisition I shall take place on the date falling second Business Day after the fulfillment (or waiver) of the conditions precedent referred to above.

Post completion commitment of the Company

Pursuant to the Sale and Purchase Agreement I, the Company has undertaken to the Vendor that:

- (1) it shall pay or shall procure Zhongmin Zhongran to pay the outstanding registered capital of Fujian Anran in the sum of RMB80,000,000 following Completion in accordance with the articles of association of Fujian Anran; and
- (2) it shall within 10 Business Days following Completion, repay or shall procure Zhongmin Zhongran to repay the loan in the sum of RMB11,255,000 owed by Zhongmin Zhongran to Beijing Zhongmin.

THE SALE AND PURCHASE AGREEMENT II

Date: 26 April 2009

Parties: (1) Zhongran Gas as purchaser; and
(2) Beijing Zhongmin as vendor

As at the date of the Sale and Purchase Agreement II, Beijing Zhongmin was wholly and beneficially owned by the Vendor. Beijing Zhongmin was, in turn, the beneficial owner of the 54.55% of the equity interests in Fujian Anran.

Assets to be acquired

The Sale Equity. Further details of the Sale Equity and the Target Group are set out under the paragraphs headed "Information on the Target Group" below.

Consideration

The Consideration II for the Acquisition II is RMB40,000,000, which will be satisfied by the Group in cash in the following manner:

- (a) RMB38,000,000 shall be payable on the same Business Day when the Company has paid the HK\$207,480,710.31 to the Vendor as set out in the paragraph headed “Consideration” under the Sale and Purchase Agreement I above; and
- (b) the remaining balance of RMB2,000,000 shall be payable within 10 Business Days upon completion of registration of transfer of the Sale Equity at the Administration for Industry and Commerce Bureau and obtaining of the amendments to the relevant provisions in the articles of association of Fujian Anran and completion of the Sale and Purchase Agreement I took place.

The Consideration II will be funded by internal resources of the Group.

JOINT MANAGEMENT OF TARGET GROUP

On the date the Deposit is made, the Group shall be entitled to appoint staff to the Target Group which will then be jointly managed by the Group and the Vendor Group. All execution of documents with and payment to third parties shall only be made with the written consent of both parties.

BASIS OF DETERMINATING THE CONSIDERATION

The Consideration was determined after arm’s length negotiation between the Company (for itself and Zhongran Gas) and the Vendor (for itself and Beijing Zhongmin) with reference to the total assets, the business prospects of Fujian Anran Group and the commercial synergies to be accrued with the future cooperation between the Group and the Vendor Group, which are further elaborated under the sections headed “Information on the Target Group” below.

The Board (including the independent non-executive Directors) considers that the Sale and Purchase Agreements were entered into on normal commercial terms and their respective terms are fair and reasonable and the entering into of the Sale and Purchase Agreements is in the interest of the Company and the Shareholders as a whole.

INFORMATION ON THE VENDOR AND BEIJING ZHONGMIN

The Vendor is a company listed on the main board of the Stock Exchange (Stock Code: 681) and is an investment holding company. The Vendor Group is principally engaged in the provision of gas fuel and gas pipeline connection, transportation and distribution of liquefied petroleum gas and retail of bottled liquefied petroleum gas and supply of video lottery operating system and bottled equipment in the PRC.

Beijing Zhongmin was established on 11 July 2003 in Beijing, the PRC. Its registered capital was US\$60,000,000. Beijing Zhongmin is beneficially owned by the Vendor. It is principally engaged in gas engineering projects. As at the date of the Sale and Purchase Agreements, Beijing Zhongmin was the beneficial owner of 54.55% of the equity interests in Fujian Anran.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, each of the Vendor and Beijing Zhongmin is a third party independent of the Company and its connected persons.

INFORMATION ON THE TARGET GROUP

Brilliant China is an investment holding company incorporated in the British Virgin Islands with limited liability on 5 January 2004. As at the date of the Sale and Purchase Agreements, Brilliant China has an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each, of which 1 share has been issued and is fully paid or credited as fully paid and is beneficially owned by the Vendor. Brilliant China is sole shareholder of Zhongmin Zhongran.

Zhongmin Zhongran was established on 28 February 2008 in Beijing, the PRC. Its registered capital was HK\$30,000,000. Zhongmin Zhongran is beneficially owned by Brilliant China. It is principally engaged in, among other matters, wholesale of gas equipment and parts, import and export business, technical consultation and technical service provider. As at the date of the Sale and Purchase Agreements, Zhongmin Zhongran was the beneficial owner of 45.45% of the equity interests in Fujian Anran.

Fujian Anran was established on 10 August 1999 in Fujian, the PRC. Its registered capital was RMB220,000,000 of which RMB140,000,000 has been duly paid up. As at the date of the Sale and Purchase Agreements, 45.45% of the equity interests in Fujian Anran was beneficially owned by Zhongmin Zhongran and 54.55% of the equity interests in Fujian Anran was beneficially owned by Beijing Zhongmin. Fujian Anran is principally engaged in, among other matters, manufacture of gas equipment, facilities and parts, promotion of gas technology and gas pipeline engineering investment.

As at the date of the Sale and Purchase Agreements, Fujian Anran had directly and indirectly invested in 10 branch offices and 23 subsidiaries within Fujian province and all were engaged in gas supply related business. Fujian Anran Group possesses various licences granted by local governments in Fujian province to operate and distribute piped natural gas within the areas as set out in these licences for the terms of 10 years to 60 years.

Set out below is the audited consolidated financial information of the Fujian Anran Group for the two years ended 31 December 2008 which were prepared based on the General Accepted Accounting Principles of the PRC:

	For the year ended 31 December 2007 RMB (Audited)	For the year ended 31 December 2008 RMB (Audited)
Turnover	263,688,146.89	157,135,534.20
Profit before taxation	56,057,486.21	49,881,458.06
Profit after taxation	55,024,659.49	49,367,732.16

The audited net assets of Fujian Anran Group as at 31 December 2008 (based on the General Accepted Accounting Principles of the PRC) was approximately RMB293,035,000.

REASONS FOR THE ACQUISITIONS

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, LPG and compressed natural gas in the PRC.

The Directors have always been active in seeking opportunities for expanding and enhancing its principal business in the PRC. The Directors (including the independent non-executive Directors) consider that the entering into of the Sale and Purchase Agreements represents a good opportunity to further expand the Group's business in the PRC which is in line with the Group's overall business objective of developing and investing in natural gas projects in the PRC.

The Group currently owns the concessions to supply piped gas in 72 cities in different parts of China, and through the operation of Zhejiang Zhongyou Hua Dian Energy Limited to perform LPG import business. The Group currently does not have any city piped gas operations in Fujian province. On the other hand, Fujian Anran Group possesses the licences to operate and distribute piped natural gas in 28 cities in Fujian province and has already completed the construction of the pipeline systems and commenced gas supply in some of these cities. More importantly, the commencement of operation of the LNG terminal in Fujian province is making natural gas available in Fujian and these 28 cities will have access to natural gas supply. Accordingly, the Directors consider that the entering into of the Sale and Purchase Agreements will enable the Group to establish immediate business operations in Fujian province and enhance the earnings ability of the Group and accord the Group with a steady income stream. Upon Completion, the parties to the Sale and Purchase Agreements shall continue the existing businesses of the Target Group.

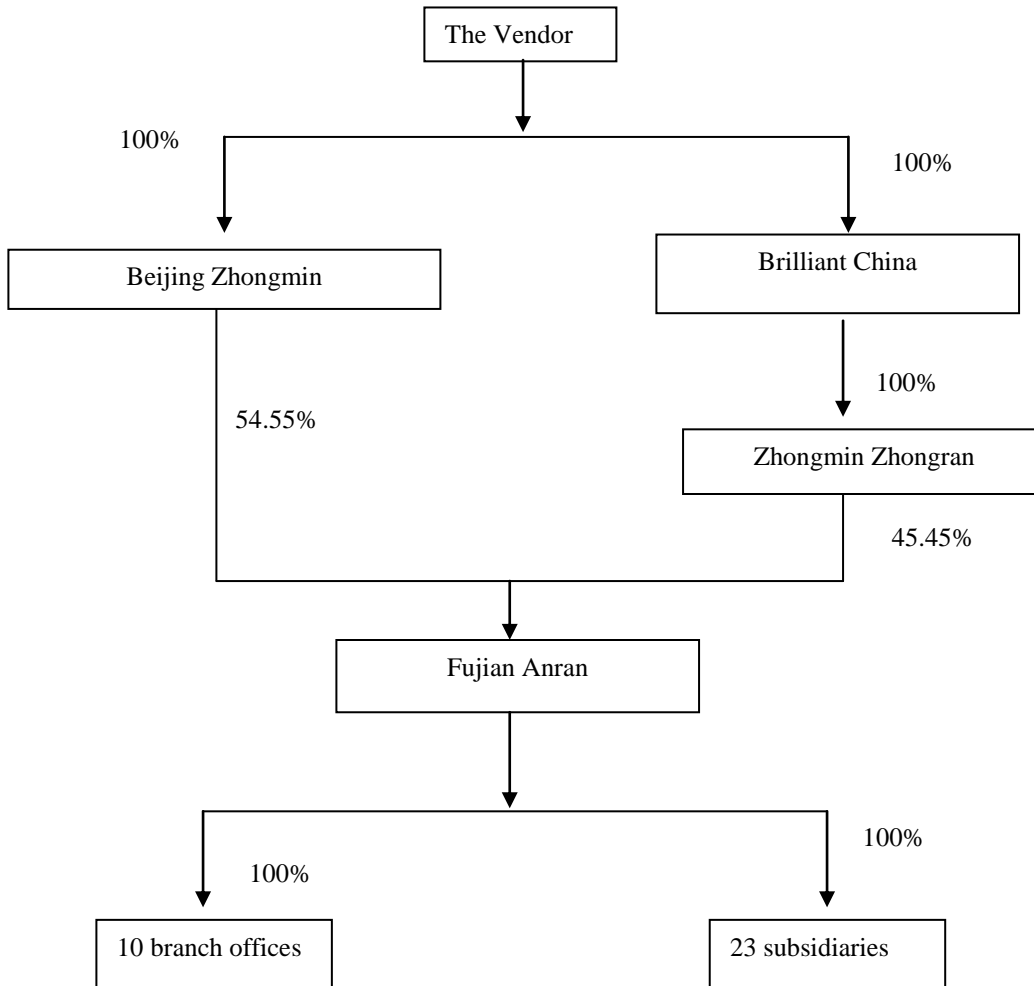
For reasons described above, the Directors view that the entering into of the Acquisitions as investments with great potential and will provide an enhanced revenue base and a good opportunity for the Company to participate in gas related business in Fujian province in the PRC. Taking into account the benefits of the Acquisitions as described above, the Directors are of the view that the terms of the Acquisitions are fair and reasonable and the Acquisitions are in the interests of the Company and the Shareholders as a whole.

Upon Completion, Brilliant China and Zhongmin Zhongran will be wholly owned subsidiaries of the Group while the Company will own 49% of the equity interests in Fujian Anran. The Group will recognise Fujian Anran as an associated company of the Group.

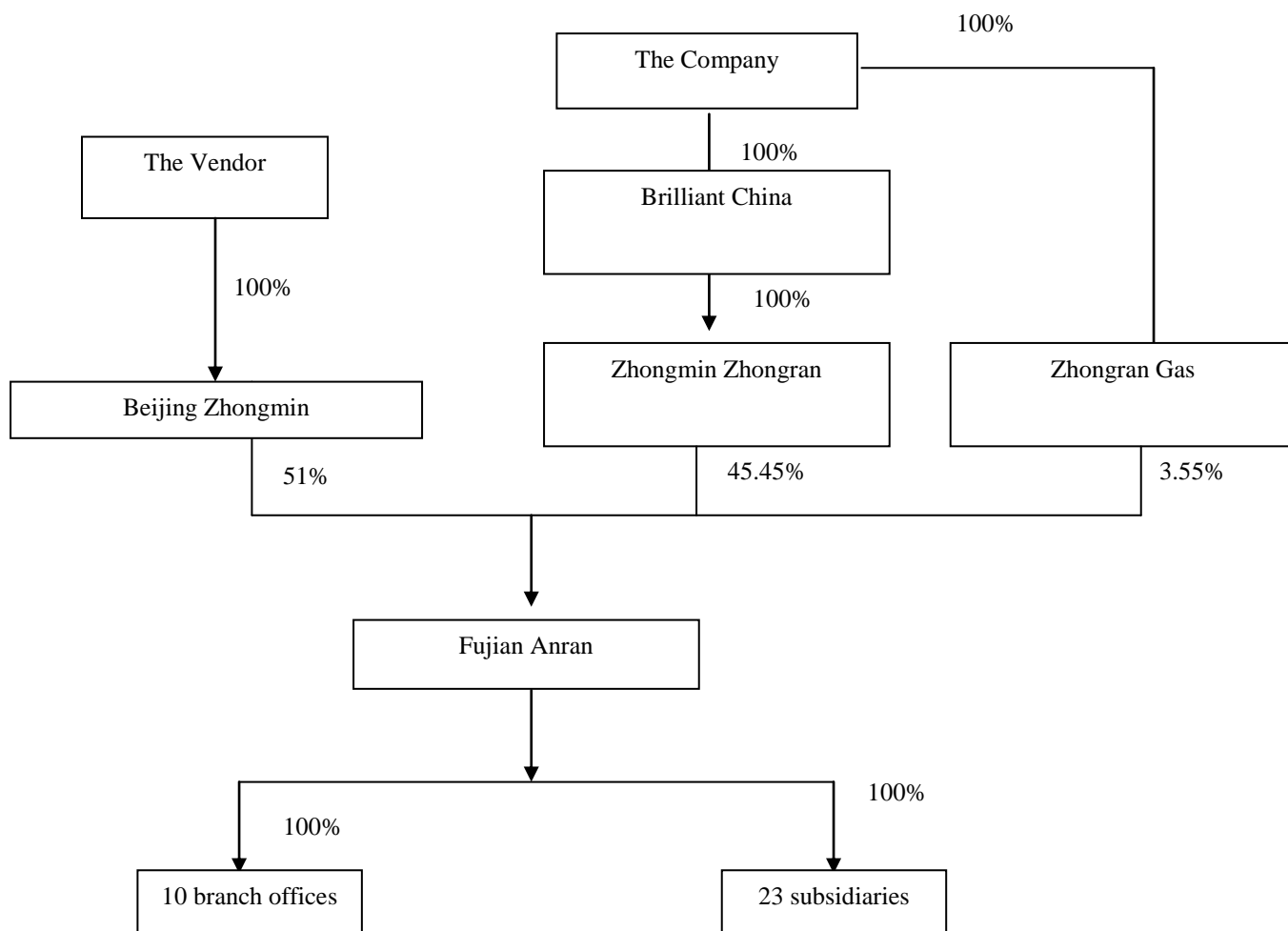
GROUP STRUCTURE

The diagram below shows the structure of the Target Group and their ultimate shareholdings immediately before and after Completion:

The structure of the Target Group and their ultimate shareholdings immediately before Completion is as follows:



The structure of the Target Group immediately after Completion is as follows:



GENERAL

As the applicable percentage ratios of the Acquisitions under the Listing Rules exceed 5% but are less than 25%, the Acquisitions constitute a discloseable transaction for the Company under the Listing Rules.

RESUMPTION

At the request of the Company, trading in the Shares and the convertible bonds of the Company have been suspended with effect from 9:30 a.m. on 27 April 2009 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares and the convertible bonds with effect from 9:30 a.m. on 28 April 2009.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Acquisition I”	the acquisition of the Sale Share and the Sale Loan from the Vendor by the Company pursuant to the Sale and Purchase Agreement I
“Acquisition II”	the acquisition of the Sale Equity from Beijing Zhongmin by Zhongran Gas pursuant to the Sale and Purchase Agreement II
“Acquisitions”	the Acquisition I and the Acquisition II
“Beijing Zhongmin”	北京中民燃氣有限公司 (Beijing Zhongmin Company Limited) [#] , a company established in Beijing, the PRC, a wholly owned subsidiary of the Vendor and the vendor to the Sale and Purchase Agreement II
“Board”	board of the Directors
“Brilliant China”	Brilliant China Investments Limited, a company incorporated in the British Virgin Islands, whose entire issued share capital is beneficially owned by the Vendor
“Business Day”	a day (other than a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	China Gas Holdings Limited (中國燃氣控股有限公司)*, a company incorporated in Bermuda with limited liability, whose Shares are listed on the main board of the Stock Exchange
“Completion”	completion of the Sale and Purchase Agreement I and the Sale and Purchase Agreement II in accordance with the terms and conditions thereof
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the sum of the Consideration I and the Consideration II
“Consideration I”	HK\$323,663,905.59 being the total consideration payable for the Acquisition I pursuant to the Sale and Purchase Agreement I
“Consideration II”	RMB40,000,000 being the total consideration payable for the Acquisition II pursuant to the Sale and Purchase Agreement II
“Deposit”	HK\$100,000,000 as deposit and part payment of the Consideration I and shall be payable by the Company to the Vendor pursuant to the Sale and Purchase Agreement I

“Director(s)”	directors (including the independent non-executive directors) of the Company from time to time
“Fujian Anran”	福建安然燃氣投資有限公司 (Fujian Anran Gas Investment Company Limited) [#] , a company established in Fujian, the PRC, as to 54.55% of its equity interests is beneficially owned by Beijing Zhongmin and 45.55% of its equity interests is beneficially owned by Zhongmin Zhongran
“Fujian Anran Group”	Fujian Anran together with its 10 branch offices and 23 subsidiaries
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“PRC”	the People’s Republic of China
“Sale Equity”	3.55% of the equity interest in Fujian Anran which is beneficially owned by Beijing Zhongmin
“Sale Loan”	all the obligations, liabilities and indebtedness owing or incurred by Brilliant China to the Vendor, whether actual, contingent or deferred and irrespective whether or not the same is due and payable as at completion of the Acquisition I which as at 31 March 2009, amounted to the sum of HK\$10,053,988.20
“Sale Share”	1 share of US\$1.00 in Brilliant China, representing the entire issued share capital of Brilliant China and is beneficially owned by the Vendor
“Sale and Purchase Agreement I”	the agreement dated 26 April 2009 and entered into between the Company and the Vendor in relation to the Acquisition I
“Sale and Purchase Agreement II”	the agreement dated 26 April 2009 and entered into between Zhongran Gas and Beijing Zhongmin in relation to the Acquisition II
“Sale and Purchase Agreements ”	the Sale and Purchase Agreement I and the Sale and Purchase Agreement II
“Shareholder(s)”	holder(s) of the Share(s)
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Group”	Brilliant China, Zhongmin Zhongran, Fujian Anran Group
“Vendor”	Chinese People Holdings Company Limited (中民控股有限公司)*, a company incorporated in Bermuda with limited liability, whose Shares are listed on the main board of the Stock Exchange
“Vendor Group”	the Vendor and its subsidiaries
“Zhongmin Zhongran”	北京中民中燃貿易有限公司 (Beijing Zhongmin Zhongran Trading Company Limited) [#] , a company established in Beijing, the PRC, a wholly owned subsidiary of Brilliant China
“Zhongran Gas”	中燃燃氣實業(深圳)有限公司 (Zhongran Gas (Shenzhen) Company Limited) [#] , a limited liability company established and subsisting in Shenzhen, PRC, and a wholly owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent.

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

Hong Kong, 27 April 2009

* *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 indicated, conversion of RMB into HK\$ is calculated at the approximate exchange rate of RMB1.00 to HK\$1.1347. 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 at 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. Joe Yamagata, Mr. Raj Kumar Goel, Mr. Kim Joong Ho and Mr. William Hugh Rackets 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.