

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CHINA GAS HOLDINGS LIMITED

中國燃氣控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 384)

RICH LEGEND INTERNATIONAL LIMITED

(Incorporated in the British Virgin Islands)

**Conditional voluntary general offer by
Macquarie Capital Securities Limited
on behalf of**

**Rich Legend International Limited, a wholly-owned subsidiary of
China Gas Holdings Limited**

**to acquire all of the issued shares in the share capital of
Zhongyu Gas Holdings Limited**

**(other than those shares already held by Rich Legend International Limited
and parties acting in concert with it)**

and

**to acquire all of the outstanding convertible bonds of Zhongyu Gas Holdings
Limited**

and

**for the cancellation of all the outstanding share options of
Zhongyu Gas Holdings Limited**

**Clarification Announcement regarding Satisfaction of Acceptance Condition
and Extension of Offer Period**

**Financial adviser to
China Gas Holdings Limited and Rich Legend International Limited**



The Offeror and China Gas have sought further clarification and confirmation from Hezhong and the Management Owners on the status of the acceptance of the Share Offer by Hezhong, and no evidence has been made available to the Offeror and China Gas to establish that such acceptance is legally invalid. Accordingly, the Offeror and China Gas declare that Condition (A) as set out under the section headed "Conditions of the Offers" in the "letter from MCSL" of the Offer Document was satisfied, and the Share Offer had become unconditional as to acceptances, as at the First Closing Date.

In the announcement of the Offeror and China Gas dated 15 June 2010, it was stated that, pursuant to Rule 15.3 of the Takeovers Code, the Offers will remain open for acceptance until 4:00 p.m. on 28 June 2010 or such other time and/or date as the Offeror may announce with the consent of the Executive. However, as the Application in respect of the PRC Anti-trust Clearance (which was submitted to MOFCOM on 4 March 2010) remains pending, and in order to allow a reasonable period of time to enable the Offeror and China Gas to receive the formal decision (or the deemed approval thereof in accordance with PRC law) from MOFCOM in respect of the Application, the timing for acceptance of the Offers has been further extended and they will remain open for acceptance until further notice. At least 14 days notice will be given before the Offers are closed for acceptance in the event that all of the conditions to the Offers have been satisfied or, if applicable, waived.

If the Offeror and China Gas obtain the PRC Anti-trust Clearance at any time from the date of this announcement until 23 July 2010 (being the date by which the Offeror and China Gas currently anticipate the final decision in respect of the PRC Anti-trust Clearance will be received, or deemed to be received in the absence of any formal notification of MOFCOM's final decision on the Application by 23 July 2010), and provided that all of the other outstanding Conditions as set out under the section headed "Conditions of the Offers" in the "letter from MCSL" of the Offer Document have also been satisfied or, if applicable, waived, the Offers will become unconditional in all respects, and will remain open for a further 14 days from such date in accordance with Rule 15.3 of the Takeovers Code.

If MOFCOM grants the PRC Anti-Trust Clearance to China Gas subject to conditions, at any time during the Offer Period, the Offeror will consider whether to invoke Condition (D) as set out under the section headed "Conditions of the Offers" in the "letter from MCSL" of the Offer Document and, if so, the Offeror will seek the Executive's consent to do so under Rule 30.1 of the Takeovers Code.

If China Gas receives confirmation from MOFCOM that it does not grant the PRC Anti-trust Clearance, Condition (D) will not have been fulfilled and, accordingly, the Offeror will seek to invoke such condition in which event the Offers shall lapse. The Offeror will not seek to waive Condition (D) in respect of the PRC Anti-trust Clearance, in view of the advice which has been obtained from the PRC Legal Advisers that, under PRC law, the PRC Anti-trust Clearance is required for completion of the Offers.

WARNING: The Offers may or may not become unconditional for the reasons as set out in this announcement. Zhongyu Shareholders, Zhongyu Bondholders and Zhongyu Optionholders and shareholders of China Gas, and investors and potential investors of Zhongyu and China Gas should therefore exercise caution when dealing in shares, convertible bonds and/or options of Zhongyu and China Gas.

Reference is made to the offer document (the "**Offer Document**") issued to the Zhongyu Shareholders, Zhongyu Optionholders and Zhongyu Bondholders on 17 May 2010 and the announcement (the "**Results Announcement**") published by China Gas and the Offeror

dated 15 June 2010. Capitalised terms used in this announcement shall, unless otherwise defined, have the same meanings given to them in the Offer Document.

SATISFACTION OF CONDITION AS TO ACCEPTANCES

The Offeror and China Gas have sought further clarification and confirmation from Hezhong and the Management Owners on the status of the acceptance of the Share Offer by Hezhong, and no evidence has been made available to the Offeror and China Gas to establish that such acceptance is legally invalid.

Accordingly, as forms of acceptance for the Share Offer had been received in respect of 1,040,740,200 Zhongyu Shares in compliance with Note 1 to Rule 30.2 of the Takeovers Code (representing approximately 52.72% of the issued share capital of Zhongyu as at 4:00 p.m. on Monday, 14 June 2010 being the First Closing Date), the Offeror and China Gas declare that Condition (A) as set out under the section headed "Conditions of the Offers" in the "letter from MCSL" of the Offer Document had been satisfied, and the Share Offer had become unconditional as to acceptances, as at the First Closing Date.

STATUS OF PRC ANTI-TRUST CLEARANCE

As stated in the Results Announcement, the Offers are conditional upon, among other things, Condition (D) as set out under the section headed "Conditions of the Offers" in the "letter from MCSL" of the Offer Document which includes all Consents (including the PRC Anti-trust Clearance, if any) as are necessary for the acquisition of the Zhongyu Shares and in connection with, including, without limitation, any change in the direct or indirect shareholder(s) or ultimate controlling shareholder(s) of any member of the Zhongyu Group that has been granted the concession rights or licences to carry out its operations having been obtained in form and substance satisfactory to the Offeror and remaining in full force and effect without variation from all Relevant authority(ies) and all conditions (if any) to such Consents having been fulfilled.

An application (the "**Application**") in respect of the PRC Anti-trust Clearance was submitted by the PRC legal advisers of the Offeror and China Gas (the "**PRC Legal Advisers**") on behalf of the Offeror and China Gas to the Anti-Monopoly Bureau of the Ministry of Commerce of the PRC ("**MOFCOM**") on 4 March 2010 in connection with the Offers.

Between 4 March 2010 and 23 April 2010, MOFCOM made several enquiries with the PRC Legal Advisers and sought clarification on some of the information and documents submitted in connection with the Application. On 23 April 2010, MOFCOM confirmed to China Gas that it would conduct a further review of the Application. As at the date of this announcement, the Application remains pending and the Offeror and China Gas have not obtained the PRC Anti-trust Clearance.

The Offeror and China Gas have been advised by the PRC Legal Advisers that, under PRC law, MOFCOM has 90 days from the date which it decides to conduct a further review of the Application (i.e. 23 April 2010) to complete its review and provide its final decision on the Application, i.e. by 23 July 2010. In the absence of any formal notification of its final decision from MOFCOM by 23 July 2010, the Application will be deemed to have been approved by MOFCOM. During this 90-day period, MOFCOM may extend the review period for not more than 60 days from the expiry of the 90-day period under certain circumstances, i.e. up to 23 September 2010, namely: (i) if China Gas consents to such additional extension of the review period; (ii) the documents or information provided by China Gas in respect of the Application requires further verification; or (iii) China Gas notifies MOFCOM that there have been any

material changes in relation to the Application. As at the date of this announcement, the Offeror and China Gas are not aware of any reasons for MOFCOM to seek to extend the review period for another 60 days from 23 July 2010.

As stated in the Results Announcement and in this announcement, the only Conditions which have been satisfied as at the First Closing Date are Conditions (A), (B) and (F) as set out under the section headed "Conditions of the Offers" in the "letter from MCSL" of the Offer Document. The Offeror and China Gas will keep the status of the Conditions under review, in particular as to whether there are any circumstances which would warrant the invocation of Conditions (C), (D), (E), (G) and/or (H) by the Offeror so as to seek to not proceed with the Offers in accordance with and subject to the requirements of the Takeovers Code. The Offeror currently has no intention to invoke Conditions (C), (D), (E), (G) and/or (H) based on any of the circumstances which it is aware of as at the date of this announcement.

EXTENSION OF OFFER PERIOD

In the announcement of the Offeror and China Gas dated 15 June 2010, it was stated that, pursuant to Rule 15.3 of the Takeovers Code, the Offers will remain open for acceptance until 4:00 p.m. on 28 June 2010 or such other time and/or date as the Offeror may announce with the consent of the Executive. However, as the Application in respect of the PRC Anti-trust Clearance (which was submitted to MOFCOM on 4 March 2010) remains pending, and in order to allow a reasonable period of time to enable the Offeror and China Gas to receive the formal decision (or the deemed approval thereof in accordance with PRC law) from MOFCOM in respect of the Application, the timing for acceptance of the Offers has been further extended and they will remain open for acceptance until further notice. At least 14 days notice will be given before the Offers are closed for acceptance in the event that all of the conditions to the Offers have been satisfied or, if applicable, waived.

If the Offeror and China Gas obtain the PRC Anti-trust Clearance at any time from the date of this announcement until 23 July 2010 (being the date by which the Offeror and China Gas currently anticipate the final decision in respect of the PRC Anti-trust Clearance will be received, or deemed to be received in the absence of any formal notification of MOFCOM's final decision on the Application by 23 July 2010), and provided that all of the other outstanding Conditions as set out under the section headed "Conditions of the Offers" in the "letter from MCSL" of the Offer Document have also been satisfied or, if applicable, waived, the Offers will become unconditional in all respects, and will remain open for a further 14 days from such date in accordance with Rule 15.3 of the Takeovers Code. A further announcement will be made by the Offeror and China Gas in relation to the PRC Anti-trust Clearance having been obtained in such an event.

If MOFCOM grants the PRC Anti-Trust Clearance to China Gas subject to conditions, at any time during the Offer Period, the Offeror will consider whether to invoke Condition (D) as set out under the section headed "Conditions of the Offers" in the "letter from MCSL" of the Offer Document and, if so, the Offeror will seek the Executive's consent to do so under Rule 30.1 of the Takeovers Code.

If China Gas receives confirmation from MOFCOM that it does not grant the PRC Anti-trust Clearance, Condition (D) will not have been fulfilled and, accordingly, the Offeror will seek to invoke such condition in which event the Offers shall lapse. The Offeror will not seek to waive Condition (D) in respect of the PRC Anti-trust Clearance, in view of the advice which has been obtained from the PRC Legal Advisers that, under PRC law, the PRC Anti-trust Clearance is required for completion of the Offers.

Consequently, the Executive has waived the requirements under Rule 15.7 of the Takeovers Code in light of the current Offer timetable. All the other terms of the Offers set out in the Offer Document and in the accompanying forms of acceptance and transfer apply to the extended Offers.

NON ACCEPTANCE OF THE SHARE OFFER BY HEZHONG AND THE MANAGEMENT OWNERS

As at 4:00 p.m. on Monday, 14 June 2010, based on information available to the Offeror, Hezhong and the Management Owners have not tendered acceptances of the Share Offer in respect of all of the Zhongyu Shares held by them, being 946,921,542 Zhongyu Shares as stated in the Offer Document and the Response Document. Consequently, Hezhong and the Management Owners are in breach of their respective obligations under the Irrevocable Undertaking to accept the Share Offer in respect of all of the Zhongyu Shares held by them. The Offeror and China Gas do not have sufficient information at this stage to ascertain exactly how many Zhongyu Shares Hezhong and the Management Owners have tendered acceptances of the Share Offer in respect of. The Offeror and China Gas are currently reviewing their options in relation to this breach of the Irrevocable Undertaking and will take such actions, if any, as they may consider appropriate.

WARNING: The Offers may or may not become unconditional for the reasons as set out in this announcement. Zhongyu Shareholders, Zhongyu Bondholders and Zhongyu Optionholders and shareholders of China Gas, and investors and potential investors of Zhongyu and China Gas should therefore exercise caution when dealing in shares, convertible bonds and/or options of Zhongyu and China Gas.

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

By order of the board of
Rich Legend International Limited
Liu Ming Hui
Director

Hong Kong, 23 June 2010

**for identification purpose only*

The directors of each of China Gas and the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquires, 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 statements in this announcement misleading.

As at the date of this announcement, the board of directors of China Gas comprises 13 directors, of whom Mr. Li Xiao Yun (Chairman), Mr. Xu Ying (Vice-Chairman), Mr. Liu Ming Hui (Managing Director), Mr. Zhu Wei Wei and Mr. Ma Jin Long are executive directors, Mr. Feng Zhuo Zhi, Mr. Joe Yamagata, Mr. R.K. Goel, Mr. Moon Duk Kyu and Mr. Mulham Al Jarf are non-executive directors, Mr. Zhao Yu Hua, Dr. Mao Er Wan and Ms. Wong Sin Yue Cynthia are independent non-executive directors.

As at the date of this announcement, the board of directors of the Offeror comprises 3 directors, namely Mr. Xu Ying, Mr. Liu Ming Hui and Mr. Zhu Wei Wei.