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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)

PRIVATE PLACING OF UNLISTED WARRANTS AND PLACING OF SHARES UNDER GENERAL MANDATE AND RESUMPTION OF TRADING

PLACING OF WARRANTS

The Directors are pleased to announce that on 28 September 2004, the Warrant Placing Agreements were entered into between the Company and the Subscribers in relation to a private placing of a total of 260,000,000 Warrants at an issue price of HK\$0.01 per Warrant.

The Warrants entitle the Subscribers to subscribe for the New Shares at an initial exercise price of HK\$0.66 per New Share for a period of five years commencing from the date of issue of the Warrants. Each Warrant carries the right to subscribe for one New Share.

Completion is subject to the fulfillment of the conditions stated in the section headed "Conditions of the Warrant Placing" in this announcement.

It is intended that the net proceeds from the Warrant Placing of approximately HK\$2,500,000 will be applied as the general working capital of the Group.

The New Shares will be issued under the General Mandate.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the New Shares which fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

PLACING OF SHARES

On 30 September 2004, the Company entered into the Subscription Agreement with Apollo Elite, pursuant to which Apollo Elite has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 90,000,000 Subscription Shares in cash at a subscription price of HK\$0.52 per Subscription Share.

Apollo Elite undertakes that it will not dispose of any of the Subscription Shares within a period of 18 months from the date of completion of the Subscription.

The Subscription Price represents (i) a discount of approximately 16.13% to the closing price of HK\$0.62 per Share as quoted on the Stock Exchange on 28 September 2004, being the last trading day before the date of the Subscription Agreement; and (ii) a discount of approximately 15.03% to the average closing price of HK\$0.612 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 28 September 2004. The Subscription Price was arrived at after arm's length negotiations between the Company and Apollo Elite. The Directors consider that the Subscription Price is fair and reasonable so far as the Shareholders as a whole are concerned.

The Subscription Shares represent (i) approximately 5.13% of the issued share capital of the Company as at the date of this announcement; (ii) approximately 4.88% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares; and (iii) approximately 4.28% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the New Shares which fall to be allotted and issued upon full exercise of the subscription rights attaching to the Warrants.

The net proceeds of the Subscription of about HK\$46,700,000 will be applied as the general working capital of the Group.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 30 September 2004 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 with effect from 9:30 a.m. on 6 October 2004.

WARRANT PLACING AGREEMENTS

Date: 28 September 2004

Parties: (i) Issuer: the Company
(ii) Subscribers: Mr. Kan and Mr. Liu

Information on the Subscribers

Mr. Kan has over 20 years' experience in serving on the board of directors of various financial institutions and listed companies in Hong Kong.

Mr. Liu is an investor from the PRC.

Mr. Kan and Mr. Liu were introduced to Mr. Liu Ming Hui, the managing Director, at social gatherings. Neither Mr. Kan nor Mr. Liu is connected person of the Company as defined under the Listing Rules. Each of Mr. Kan and Mr. Liu is independent of and not connected with each other and Apollo Elite and any of the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates.

As at the date of this announcement, Mr Kan and Mr. Liu are interested in 10,000,000 Shares and 28,264,000 Shares respectively, representing approximately 0.57% and 1.61% of the issued share capital of the Company as at the date of this announcement respectively.

Number of Warrants

A total of 260,000,000 Warrants as to 180,000,000 Warrants to be subscribed by Mr. Kan and as to the balance of 80,000,000 Warrants to be subscribed by Mr. Liu

Warrant Issue Price

HK\$0.01 per Warrant

Exercise Price

HK\$0.66 per New Share, subject to adjustment for, among other things, subdivision or consolidation of Shares, rights issues, extraordinary stock or cash distribution, and other dilutive events.

The Warrant Issue Price and the Exercise Price were negotiated on an arm's length basis between the Company and the Subscribers.

The Exercise Price represents (i) a premium of approximately 6.45% over the closing price of HK\$0.62 per Share as quoted on the Stock Exchange on 27 September 2004, being the last trading day before the date of the Warrant Placing Agreements; and (ii) a premium of approximately 7.49% over the average closing price of HK\$0.614 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 27 September 2004.

The aggregate of the Warrant Issue Price and the Exercise Price represents (i) a premium of approximately 8.06% over the closing price of HK\$0.62 per Share as quoted on the Stock Exchange on 27 September 2004; and (ii) a premium of approximately 9.12% over the average closing price of HK\$0.614 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 27 September 2004.

Transferability

The Warrants are freely transferable in integral multiples of 10,000,000 Warrants.

Completion Date

Completion will take place on the third Business Day after the fulfillment of the conditions referred to in the section headed "Conditions of the Warrant Placing" below.

Information of the Warrants

The Warrants will be issued to the Subscribers upon Completion in registered form and constituted by a deed poll. The Warrants will rank pari passu in all respects among themselves.

Each Warrant carries the right to subscribe for one New Share at the Exercise Price and is issued at the Warrant Issue Price.

The subscription rights attaching to the Warrants can be exercised at any time during a period of five years commencing from the date of issue of the Warrants. The New Shares, when fully paid and allotted, will rank pari passu in all respects with the then existing issued Shares.

A total of 260,000,000 Warrants are proposed to be issued. Upon full exercise of the subscription rights attaching to the Warrants, a total of 260,000,000 New Shares will fall to be allotted and issued. The 260,000,000 New Shares represent (i) approximately 14.82% of the issued share capital

of the Company as at the date of this announcement; (ii) approximately 12.91% of the issued share capital of the Company as enlarged by the allotment and issue of the New Shares from the full exercise of the subscription rights attaching to the Warrants; and (iii) approximately 12.36% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the New Shares from the full exercise of the subscription rights attaching to the Warrants.

Conditions of the Warrant Placing

Completion is subject to and conditional upon, among other things, the following conditions having been fulfilled:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and the permission deal in, the New Shares; and
- (ii) the Bermuda Monetary Authority granting its consent to the issue of the Warrants and the allotment and issue of the New Shares.

If the above conditions are not fulfilled on or before 30 November 2004 (or such later date as may be agreed between the Company and the Subscribers), the Warrant Placing Agreements will terminate and cease to have any effect and none of the parties shall have any claim against the other save for any antecedent breaches of the provisions thereof. The Warrant Placing Agreements are not conditional upon each other.

Voting rights for the holders of the Warrants

The holders of the Warrants will not have any right to attend or vote at any meeting of the Company by virtue of their being the holders of the Warrants. The holders of the Warrants shall not have the right to participate in any distributions and/or offers of further securities made by the Company.

Mandate to issue the New Shares

The New Shares will be allotted and issued under the General Mandate which authorises the Directors to allot and issue Shares not exceeding 20% of the aggregate nominal amount of the Shares in issue as at the date of passing of the resolution approving the General Mandate, on which date the total number of Shares in issue was 1,754,151,765. The 260,000,000 New Shares to be allotted and issued upon full exercise of the subscription rights attaching to the Warrants will cover approximately 74.11% of the General Mandate.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the New Shares which fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

SUBSCRIPTION AGREEMENT

Date: 30 September 2004

Parties: (i) Issuer: the Company
(ii) Subscriber: Apollo Elite

Information on Apollo Elite

Apollo Elite is an investment holding company incorporated in the British Virgin Islands with limited liability. The entire issued share capital of Apollo Elite is owned by Ms. Li Wei.

Ms. Li Wei was introduced to Mr. Liu Ming Hui, the managing Director, at a social gathering. Neither Apollo Elite nor Ms. Li Wei is connected person of the Company as defined under the Listing Rules. Each of Apollo Elite and its ultimate beneficial owner is independent of and not connected with the Subscribers and any of the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates.

Number of Subscription Shares

The Subscription Shares represent (i) approximately 5.13% of the issued share capital of the Company as at the date of this announcement; (ii) approximately 4.88% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares; and (iii) approximately 4.28% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the New Shares which fall to be allotted and issued upon full exercise of the subscription rights attaching to the Warrants.

Apollo Elite undertakes that it will not dispose of any of the Subscription Shares within a period of 18 months from the date of completion of the Subscription.

Subscription Price

The Subscription Price represents:

- (i) a discount of approximately 16.13% to the closing price of HK\$0.62 per Share as quoted on the Stock Exchange on 28 September 2004, being the last trading day before the date of the Subscription Agreement; and
- (ii) a discount of approximately 15.03% to the average closing price of HK\$0.612 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 28 September 2004.

The Subscription Price was arrived at after arm's length negotiations between the Company and Apollo Elite with reference to the closing prices as shown above. The Directors consider that the Subscription Price and the terms of the Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Rights

The Subscription Shares, when allotted and issued, will rank equally in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

Mandate to issue the Subscription Shares

The Subscription Shares will be allotted and issued under the General Mandate which authorises the Directors to allot and issue Shares not exceeding 20% of the aggregate nominal amount of the Shares in issue as at the date of passing of the resolution approving the General Mandate, on which date the total number of Shares in issue was 1,754,151,765. The Subscription Shares will cover approximately 25.65% of the General Mandate.

Conditions of the Subscription

The Subscription is conditional upon the following conditions having been fulfilled by 30 November 2004 (or such later date as may be agreed between the Company and Apollo Elite):

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares; and

(ii) (if so required) the Bermuda Monetary Authority granting permission for the allotment and issue of the Subscription Shares.

In the event that the conditions of the Subscription are not fulfilled in full by the date stipulated, the Subscription Agreement shall cease and determine and neither the Company nor Apollo Elite shall have any obligations and liabilities under the Subscription Agreement.

Completion of the Subscription

Completion of the Subscription will take place on the third Business Day after all the conditions of the Subscription are fulfilled (or such other date as may be agreed between the Company and Apollo Elite).

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

REASONS FOR THE WARRANT PLACING AND THE SUBSCRIPTION

The Group is principally engaged in investment in, among other things, natural gas/energy projects in the PRC.

The Board believes the Warrant Placing is an appropriate means of fund raising exercise for the Company. The Warrant Placing does not have any immediate dilution effect on the shareholding of the existing Shareholders. In addition to the net proceeds that will be raised upon Completion, further share capital will be raised upon the exercise of the subscription rights attaching to the Warrants by the holders of the Warrants during the subscription period.

The Board considers that the terms of the Warrant Placing including the Warrant Issue Price and the Exercise Price, which is at a premium to the prevailing market price as shown above, have been arrived at after arm's length negotiations between the Company and the Subscribers and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

By entering into the Subscription Agreement, the Group can raise further capital to strengthen its financial position. The net proceeds of the Subscription of about HK\$46,700,000 will be applied as the Group's general working capital.

The Board considers that the Subscription Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and Apollo Elite and that the terms of the Subscription Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

The Board has been approached by a number of potential investors other than Mr. Kan, Mr. Liu and Apollo Elite but only they have firmly committed themselves by signing the Warrant Placing Agreements or the Subscription Agreement (as the case may be).

Immediately after completion of the Warrant Placing and the Subscription, there will be no change to the composition of the Board and the principal business engaged by the Group.

The following table summarises the fund raising activities of the Group for the 12 months immediately preceding the date of this announcement:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
9 October 2003	Placing of an aggregate of 70,000,000 new Shares	About HK\$50,000,000	As general working capital of the Group	The net proceeds of about HK\$6,000,000 have been applied as the Group's general working capital and the remaining balance of about HK\$44,000,000 has been applied to repay the Group's short term liabilities.
30 October 2003	Issue of convertible bonds due 2008 in up to five tranches	About HK\$98,000,000 <i>(Note)</i>	<i>(Note)</i>	The Tranche 1 Bonds in the principal amount of US\$6,000,000 were issued on 13 November 2003. The Tranche 2 Bonds in the principal amount of US\$7,000,000 were issued on 10 June 2004. The Company has applied the net proceeds derived from the issue of the Tranche 1 Bonds and the Tranche 2 Bonds in accordance with the intended use as set out in the Company's announcement dated 30 October 2003.
11 November 2003	Top-up placing of 160,000,000 Shares	About HK\$130,000,000	As to approximately HK\$78,000,000 for the contribution of the enlarged registered capital of Shenzhen Natural Gas and as to the remaining balance as the general working capital of the Group.	The net proceeds of approximately HK\$78,000,000 have been applied as the Group's contribution to the enlarged registered capital of Shenzhen Natural Gas, approximately HK\$45,000,000 have been applied to repay the Group's short term bank borrowings and approximately HK\$4,000,000 has been applied to acquire the Group's natural gas project in Xiaogan. The remaining balance of about HK\$3,000,000 was used as administration expenses.
21 January 2004	Placing of an aggregate of 180,000,000 new Shares	About HK\$117,000,000	As the Group's future investments in natural gas projects in the PRC and/or the Group's general working capital	The net proceeds of approximately HK\$68,000,000 have been applied to repay the Group's short term bank borrowings, approximately HK\$13,000,000 have been applied as the Group's contribution to the enlarged registered capital of Shenzhen Natural Gas, approximately HK\$31,000,000 have been applied as the contribution in the Group's natural gas projects in Yiyang and Suizhou and the remaining balance of approximately HK\$5,000,000 was utilised as the Group's administration expenses.

Note:

The net proceeds of about HK\$45,000,000 derived from the issue of the Tranche 1 Bonds, will be used as the Group's second stage capital contribution in the natural gas projects in Huainan and Wuhu, the PRC, through Shenzhen Natural Gas. The net proceeds of about HK\$53,000,000 derived from the issue of the Tranche 2 Bonds will be used for future investment in natural gas projects in the PRC and general working capital.

Details regarding the issue of the bonds are set out in the Company's announcements dated 30 October 2003, 13 November 2003, 17 December 2003, 19 December 2003 and 10 June 2004 and the Company's circular dated 3 December 2003.

CHANGES OF SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 1,754,151,765 Shares in issue. The shareholding structure of the Company before and after the full exercise of the subscription rights attaching to the Warrants and the allotment and issue of the Subscription Shares, are as follows:

Shareholders	As at the date of this announcement		Immediately after completion of the Subscription		Immediately after completion of the Subscription and full exercise of the subscription rights attaching to the Warrants	
	No. of Shares	Approximate percentage	No. of Shares	Approximate percentage	No. of Shares	Approximate percentage
Liu Ming Hui (<i>Note</i>)	385,000,000	21.95%	385,000,000	20.88%	385,000,000	18.30%
Mr. Kan	10,000,000	0.57%	10,000,000	0.54%	190,000,000	9.03%
Mr. Liu	28,264,000	1.61%	28,264,000	1.53%	108,264,000	5.14%
Apollo Elite	Nil	Nil	90,000,000	4.88%	90,000,000	4.28%
Other public Shareholders	1,330,887,765	75.87%	1,330,887,765	72.17%	1,330,887,765	63.25%
Total	1,754,151,765	100%	1,844,151,765	100%	2,104,151,765	100%

Note:

These 385,000,000 Shares represent the Shares beneficially owned by, and agreed to be acquired by, Mr. Liu Ming Hui, an executive Director.

Pursuant to a sale and purchase agreement dated 16 January 2004 and entered into between Heng Fung Holdings Limited and its subsidiaries (together the "Heng Fung Group") as vendor and Mr. Liu Ming Hui as purchaser, Heng Fung Group has agreed to sell and Mr. Liu as agreed to acquire an aggregate of 250,000,000 Shares. As at the date of this announcement, the sale and purchase of 90,000,000 Shares has been completed. Mr. Liu is currently beneficially interested in 225,000,000 Shares.

The above table has not taken into account the new Shares which fall to be allotted and issued upon conversion of the Tranche 2 Bonds and the exercise of the Subscription Rights relating to the Tranche 1 Bonds and the Tranche 2 Bonds.

As at the date of this announcement, the Company has issued to Merrill Lynch the Tranche 1 Bonds and the Tranche 2 Bonds and the related Subscription Rights under the Original General Mandate. As at the date of this announcement, the Tranche 1 Bonds have fully been converted into 83,294,103 Shares by Merrill Lynch. The maximum number of new Shares which may be allotted

and issued upon full conversion of the Tranche 2 Bonds based on the Assumed Floating Conversion Price, and full exercise of the Subscription Rights relating to the Tranche 1 Bonds and the Tranche 2 Bonds at the Fixed Conversion Price, are as follows:

	Maximum number of Shares which fall to be allotted and issued (Note 1)	Approximate percentage of issued share capital as at the date of this announcement (Note 2)
Subscription Rights relating to Tranche 1 Bonds	7,431,319	0.42%
Tranche 2 Bonds	100,853,514	5.75%
Subscription Rights relating to Tranche 2 Bonds	8,669,872	0.49%
Total:	116,954,705	6.67%

Notes:

1. Assumes exercise in full of the conversion rights of the Tranche 2 Bonds based on the Assumed Floating Conversion Price or (as the case may be) the Subscription Rights in respect of the Tranche 1 Bonds and the Tranche 2 Bonds at the Fixed Conversion Price, and the obtaining of the necessary approval from the Shareholders for the allotment and issue of Shares in excess of the Original General Mandate.
2. The total issued share capital of the Company as at the date of this announcement comprises 1,754,151,765 Shares.

As at the date of this announcement, a maximum of 89,187,320 new Shares may be allotted and issued under the Original General Mandate, which is insufficient to cover the number of Shares to be allotted and issued upon full conversion of the Tranche 2 Bonds and full exercise of the subscription rights relating to the Tranche 1 Bonds and the Tranche 2 Bonds. The issue of additional Shares in excess of the Original General Mandate will be subject to Shareholders' approval. As at the date of this announcement, no such Shareholders' approval has been obtained by the Company.

The outstanding subscription rights relating to the Tranche 1 Bonds and the Tranche 2 Bonds, together with the New Shares which fall to be allotted and issued upon full exercise of the subscription rights attaching to the Warrants, represent approximately 15.74% of the issued share capital of the Company as at the date of this announcement. Other than the Tranche 2 Bonds and the Subscription Rights relating to the Tranche 1 Bonds and the Tranche 2 Bonds and the options granted by the Company under its share option scheme adopted on 6 February 2003, the Company does not have any other outstanding options, warrants or any other similar rights to subscribe or purchase equity securities of the Company or any other outstanding convertible securities.

For further details relating to the issue of bonds by the Company to Merrill Lynch, please refer to the announcements of the Company dated 30 October 2003, 13 November 2003, 17 December 2003, 19 December 2003 and 10 June 2004 and the circular issued by the Company dated 3 December 2003.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 30 September 2004 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 with effect from 9:30 a.m. on 6 October 2004.

DEFINITIONS

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

“Apollo Elite”	Apollo Elite International Limited, a company incorporated in the British Virgin Islands with limited liability and the subscriber under the Subscription Agreement
“associates”	has the meaning ascribed to this term under the Listing Rules
“Assumed Floating Conversion Price”	HK\$0.538714 per Share, being 90% of the average of the lowest eight closing prices per Share during the 30 consecutive business days up to and including 9 June 2004
“Board”	the board of Directors
“Business Day”	any day (not being a Saturday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	China Gas Holdings Limited, a company incorporated in Bermuda with limited liability the issued Shares of which are listed on the Stock Exchange
“Completion”	completion of the Warrant Placing in accordance with the terms and conditions of the Warrant Placing Agreements
“Directors”	the directors of the Company
“Exercise Price”	an initial exercise price of HK\$0.66 per New Share (subject to adjustment) at which holders of the Warrants may subscribe for the New Shares
“Fixed Conversion Price”	HK\$0.792 per Share
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 12 August 2004, pursuant to which a maximum of 350,830,353 new Shares may be allotted and issued as at the date of this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Merrill Lynch”	Merrill Lynch International, an unlimited liability company established under the Laws of England and Wales
“Mr. Kan”	Mr. Kan Che Kin, Billy Albert, a subscriber under the Warrant Placing Agreements
“Mr. Liu”	Mr. Liu Zhi He, a subscriber under the Warrant Placing Agreements
“New Share(s)”	new Share(s) which fall to be allotted and issued upon the exercise of the subscription rights attaching to the Warrant(s)
“Original General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 27 August 2003, pursuant to which a maximum of 89,187,320 new Shares may be allotted and issued as at the date of this announcement
“PRC”	the People’s Republic of China, which for the purpose of this announcement, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	share(s) of HK\$0.01 each in the capital of the Company
“Shareholders”	holders of the Shares
“Shenzhen Natural Gas”	中亞燃氣實業(深圳)有限公司 (Central Asia Natural Gas (Shenzhen) Company Limited), a wholly foreign owned enterprise established in the PRC and a wholly owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	together Mr. Kan and Mr. Liu
“Subscription”	the subscription for the Subscription Shares by Apollo Elite pursuant to the Subscription Agreement
“Subscription Agreement”	a conditional subscription agreement dated 30 September 2004 and entered into between the Company and Apollo Elite in relation to the Subscription
“Subscription Price”	the subscription price of HK\$0.52 per Subscription Share
“Subscription Rights”	the option granted by the Company to Merrill Lynch in respect of each of the Tranche 1 Bonds and the Tranche 2 Bonds for the subscription of further new Shares at the Fixed Conversion Price
“Subscription Share(s)”	a total number of 90,000,000 Shares for which Apollo Elite has conditionally agreed to subscribe pursuant to the Subscription Agreement
“Tranche 1 Bonds”	convertible bonds with an aggregate principal amount of US\$6,000,000 due 2008 issued by the Company to Merrill Lynch on 13 November 2003

“Tranche 2 Bonds”	convertible bonds with an aggregate principal amount of US\$7,000,000 due 2008 issued by the Company to Merrill Lynch on 10 June 2004
“Warrant(s)”	260,000,000 unlisted warrants to be issued by the Company at the Warrant Issue Price, each entitles the holder thereof to subscribe for one New Share at the Exercise Price of HK\$0.66 per New Share (subject to adjustment) at any time during a period of five years commencing from the date of issue of the Warrants
“Warrant Issue Price”	HK\$0.01 per Warrant
“Warrant Placing”	a private placing of the Warrants at the Warrant Issue Price pursuant to the Warrant Placing Agreements
“Warrant Placing Agreements”	together (i) a conditional placing agreement dated 28 September 2004 made between the Company and Mr. Kan in relation to the placing of 180,000,000 Warrants; and (ii) a conditional placing agreement dated 28 September 2004 made between the Company and Mr. Liu in relation to the placing of 80,000,000 Warrants
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

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

Hong Kong, 5 October 2004

* *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.

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