



CHINA GAS HOLDINGS LIMITED

中國燃氣控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 384)

ANNOUNCEMENT

The Board makes this announcement in response to an article appearing in today's Hong Kong Daily News reporting the possible subscription of shares of the Company by the government of Singapore, India and/or South Korea.

The Board has noted the recent increase in the trading volume of the shares of the Company and wishes to state that it is not aware of any reason for such increase.

The Board of Directors (the "Board") of China Gas Holdings Limited (the "Company") has noted the recent increase in the trading volume of the shares of the Company and wish to state that the Board is not aware of any reasons for such increase.

The Board makes this announcement in response to an article appearing in today's Hong Kong Daily News reporting the possible subscription of shares of the Company by the government of Singapore, India and/or South Korea.

The Board would like to reiterate that it has always been the Group's corporate strategy to seek appropriate business and investment opportunities in the natural gas projects and to look for those well-established natural gas corporations to become strategic investors of the Company.

The Board wishes to inform the public and its shareholders that the Company has recently been in preliminary negotiations with two corporations which are not connected persons (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")) including one government-owned gas corporation in Singapore ("Singapore Corporation") and one government-owned gas corporation in India ("India Corporation") for exploring the possibility of (i) Singapore Corporation and India Corporation to become strategic investors of the Company; and (ii) the formation of joint venture companies between the Company with Singapore Corporation and with India Corporation respectively for the development of natural gas projects in China (the "Possible Cooperation Plan").

As at the date of this announcement, no blinding agreements or memorandum or letter of intent have been entered into between the Company and Singapore Corporation or India Corporation. Such Possible Cooperation Plan remains a possibility and is yet to be finalized. Further announcement will be made as and when appropriate and necessary and will comply fully with the relevant disclosure requirements under the Listing Rules.

As there is no assurance that the Possible Cooperation Plan will be proceeded and the Possible Cooperation Plan will be materialized, shareholders and investors shall exercise caution when dealing in the shares of the Company.

Save for and apart from the Possible Cooperation Plan, the Board confirmed that there are no negotiations or agreements relating to intended acquisitions or realizations which are disclosable under rule 13.23, neither is the Board aware of any matter disclosable under the general obligation imposed by rule 13.09, which is or may be of a price-sensitive nature.

Made by the order of the Board, the Directors of the Company collectively and individually accept responsibility for the accuracy of this announcement.

By Order of the Board
Liu Ming Hui
Managing Director

Hong Kong, 11 January 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.

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