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## THE CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in China Gas Holdings Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.

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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 INVOLVING** **ACQUISITION OF 50% EQUITY INTERESTS IN** **柳州市煤氣公司 (Liuzhou City Gas Company)#**

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A letter from the board of directors of China Gas Holdings Limited is set out on pages 3 to 8 of this circular.

29 December 2005

\* for identification purpose only

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## DEFINITIONS

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*In this circular, unless the context requires otherwise, the following expressions shall have the following meanings when used herein:*

“Acquisition”	the acquisition of 50% equity interests in Liuzhou Gas by the Company pursuant to the Agreement
“Agreement”	the agreement dated 6 December 2005 entered into by the Company and Liuzhou Holdings in relation to, among others, the Acquisition
“Baoji JV”	a joint venture company to be established in Baoji City, Shaanxi Province, PRC to be engaged principally in the natural gas business pursuant to the joint venture agreement dated 28 November 2005 and entered into between 寶雞市天然氣總公司 (Baoji City Gas Company)# and 中燃投資有限公司 (Zhongran Investment Limited)# as announced by an announcement of the Company dated 29 November 2005
“Board”	the board of Directors
“CFEJV”	a Chinese foreign equity joint venture
“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 (including the independent non-executive directors) of the Company from time to time
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	23 December 2005, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Liuzhou Gas”	柳州市煤氣公司 (Liuzhou City Gas Company)#, a state-owned enterprise established in Liuzhou city, Guangxi Zhuang Autonomous Region, the PRC which is wholly owned by Liuzhou Holdings

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## DEFINITIONS

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“Liuzhou Holdings”	柳州市投資控股有限公司 (Liuzhou City Investment Holdings Limited)#, a state-owned enterprise established in Liuzhou city, Guangxi Zhuang Autonomous Region, the PRC which is wholly owned by the local government of Liuzhou city
“PRC”	the People’s Republic of China
“SFO”	Securities and Futures Ordinance, Cap.571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholders”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

*For the purpose of this circular, unless otherwise indicated, conversion of RMB into HK\$ is calculated at an approximate exchange rate of HK\$1.00 to RMB1.04. This exchange rate is for the purpose of illustration only and do not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.*

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



**CHINA GAS HOLDINGS LIMITED**

**中國燃氣控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 384)**

*Executive Directors:*

Mr. Li Xiao Yun (*Chairman*)  
Mr. Xu Ying (*Vice Chairman*)  
Mr. Liu Ming Hui (*Managing Director*)  
Mr. Ma Jin Long  
Mr. Zhu Wei Wei

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

*Non-executive Director:*

Mr. Feng Zhuo Zhi

*Head office and principal place of  
business in Hong Kong:*

Room 1601, 16th Floor  
AXA Centre  
151 Gloucester Road  
Wanchai  
Hong Kong

*Independent non-executive Directors:*

Mr. Zhao Yu Hua  
Dr. Mao Er Wan  
Ms. Wong Sin Yue, Cynthia

29 December 2005

*To the Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION INVOLVING  
ACQUISITION OF 50% EQUITY INTERESTS IN  
柳州市煤氣公司 (Liuzhou City Gas Company)#**

**INTRODUCTION**

On 8 December 2005, the Company by an announcement dated 7 December 2005 announced, among other matters, that the Agreement has been entered into by the Company with Liuzhou Holdings in relation to, among others, the Acquisition.

The Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

\* for identification purpose only

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with, among other matters, further details on the Acquisition.

### THE AGREEMENT

**Date:** 6 December 2005

**Parties:** (a) Liuzhou Holdings  
(b) the Company

**Subject assets:** 50% equity interests in Liuzhou Gas

**Consideration:** RMB140,380,000 (equivalent to approximately HK\$134,980,769)

The consideration, which is entirely non-refundable, shall be payable by the Company to Liuzhou Holdings within five working days upon signing of the Agreement. The Company has paid the consideration in accordance with the Agreement with the funds raised from the issue of convertible bonds by the Company as announced on 24 June 2005. The application of such funds corresponds to the “use of proceeds” as mentioned in the relevant announcement which provides for, among other usages, application in the Company’s investments in other natural gas projects.

The Acquisition was made by public tender to 上海聯合產權交易所 (Shanghai United Equity Market)# which is a governmental body in the PRC responsible for handling all tenders of state-owned properties to be sold. The terms of the tender for the Acquisition were provided by 上海聯合產權交易所 (Shanghai United Equity Market)# which were reduced into the Agreement. The consideration for the Acquisition represented the bid price placed in the tender in respect of the Acquisition particularly with reference to the valuation of Liuzhou Gas as at 30 April 2005 conducted by a Chinese valuer appointed by Liuzhou Holdings, an independent valuer to both the Company and Liuzhou Holdings and their respective connected persons based on 公認資產評估方法 (Generally Accepted Property Assessment Method)# adopted in the PRC. The valuation was provided by 上海聯合產權交易所 (Shanghai United Equity Market)# which was disclosed in the tender document.

It was mentioned in the valuation report that Liuzhou Gas would be reorganized as a limited liability company after completion of the reorganisation process and the valuation report provided a reference value on the assets and liabilities of Liuzhou Gas and a fair market value of the total net assets as at 30 April 2005, being the cut-off date as fixed by Liuzhou Holdings for the purpose of valuation. According to the valuation conducted by the said Chinese valuer as appeared in the tender document, the total net assets of Liuzhou Gas were assessed at RMB168,034,613 (equivalent to approximately HK\$161,571,743) as at 30 April 2005.

The selling of the 50% equity interests in Liuzhou Gas by Liuzhou Holdings was made due to the intention of bringing in foreign capital, investment and expertise in the operation and management of natural gas which is in line with the national policy in the PRC.

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## LETTER FROM THE BOARD

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### Completion

Pursuant to the Agreement, upon signing of the Agreement, Liuzhou Holdings shall submit to 柳州市國有資產委員會 (Liuzhou City State Owned Assets Committee)# all relevant documents for registration of the transfer of the 50% equity interests in Liuzhou Gas and reorganisation of Liuzhou Gas as a CFEJV (as discussed below). The effective completion date of the Acquisition shall be the date on which the said registration and reorganisation are completed. The Company and Liuzhou Holdings shall use their best endeavour to complete the said registration and reorganisation within two months from the date of the Agreement.

All relevant documents for registration of the transfer of the 50% equity interests in Liuzhou Gas and reorganisation of Liuzhou Gas as a CFEJV have been submitted to 柳州市國有資產委員會 (Liuzhou City State Owned Assets Committee)# for confirmation.

### Reorganisation of Liuzhou Gas as a CFEJV

Pursuant to the Agreement, since Liuzhou Gas will cease to be a wholly state-owned enterprise upon completion of the Acquisition, the Company and Liuzhou Holdings further agreed to reorganise Liuzhou Gas as a CFEJV with business term of 30 years for carrying on piped gas operations in Liuzhou city owning as to 50% by each of the Company and Liuzhou Holdings with the Company being entitled to nominate its wholly owned subsidiary, 中燃投資有限公司 (Zhrongran Investment Limited)#, in replacement of itself as one of the two parties to the CFEJV as reorganised from Liuzhou Gas. The CFEJV as reorganised from Liuzhou Gas would be granted an exclusive operating right for piped gas operation in Liuzhou city for 30 years upon restructuring and the extension of which will be subject to agreement between the local government of Liuzhou city and the CFEJV as reorganised.

Upon completion of the reorganisation, the board of directors of the CFEJV as reorganised from Liuzhou Gas shall comprise seven persons of whom each of the Company and the Liuzhou Holdings shall be entitled to nominate three persons and one person shall be appointed by 柳州市國有資產委員會 (Liuzhou City State Owned Assets Committee)#. The chairman and the vice-chairman of the board of directors of the CFEJV shall be appointed by the Company and Liuzhou Holdings respectively. Neither the Company nor Liuzhou Holdings will have domineering control over the board of directors of the CFEJV.

Prior to the completion of the reorganisation of Liuzhou Gas, Liuzhou Gas will continue to be managed and operated by the existing management. Both the Company and Liuzhou Holdings, being a state-owned enterprise wholly owned by the local government of Liuzhou city, do not foresee there will be difficulty in the reorganisation process and the CFEJV as reorganised from Liuzhou Gas will, upon completion of the reorganisation of Liuzhou Gas, be accounted in the Company's account as a jointly controlled enterprise and the CFEJV as reorganised from Liuzhou Gas will continue to be operated as a going concern.

Despite the total consideration is non-refundable and that effective completion of the Acquisition is subject to the registration of the transfer of the 50% equity interests in Liuzhou Gas and reorganisation of Liuzhou Gas as a CFEJV, both the Company and Liuzhou Holdings, being a state-owned enterprise wholly owned by the local government of Liuzhou city, do not foresee that completion of the Acquisition will not take place and there will be difficulty in the said registration and reorganisation.

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## LETTER FROM THE BOARD

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The terms and conditions of the Agreement were a substantial replicate of the terms of the tender document provided by 上海聯合產權交易所 (Shanghai United Equity Market)# of which the Directors were fully aware. Taking into account of the fact that Liuzhou Holdings is a state-owned enterprise wholly owned by the local government of Liuzhou and the terms of the tender document as a whole, the Directors (including the independent non-executive Directors) still consider that the terms and conditions of the Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Save as disclosed, the Agreement does not provide for other material terms and arrangement of the CFEJV as reorganised from Liuzhou Gas. Further announcement, if required, will be made in relation to the material terms and arrangement of the CFEJV as reorganised from Liuzhou Gas in compliance with the Listing Rules.

### INFORMATION ON LIUZHOU HOLDINGS

Liuzhou Holdings is a stated-owned enterprise incorporated in Liuzhou city, Guangxi Zhuang Autonomous Region which is wholly owned by the local government and is principally engaged in investment holdings in Liuzhou city. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Liuzhou Holdings and its ultimate beneficial owner is a third party independent of and not connected with the Company or its connected persons (as defined in the Listing Rules)

### INFORMATION ON LIUZHOU GAS

The Liuzhou Gas is a state-owned enterprise established in Liuzhou city, Guangxi Zhuang Autonomous Region, the PRC and carrying on businesses of piped coal gas and liquified petroleum gas which is wholly owned by Liuzhou Holdings.

The following table shows the audited financial information of Liuzhou Gas for the two years ended 31 December 2004 which were accounted based on the accounting standards in the PRC and which were disclosed in the tender document provided by 上海聯合產權交易所 (Shanghai United Equity Market)#:

	<b>For the year ended</b>	
	<b>31 December 2003</b>	<b>31 December 2004</b>
Profit before taxation	RMB575,664 (approximately HK\$553,523)	RMB781,827 (approximately HK\$751,756)
Profit after taxation	RMB564,600 (approximately HK\$542,885)	RMB650,446 (approximately HK\$625,428)

As at 30 April 2005, the net asset value of Liuzhou Gas was assessed at approximately RMB168,034,613 (equivalent to approximately HK\$161,571,743) by the said Chinese independent valuer appointed by Liuzhou Holdings as disclosed in the valuation attached to the tender document provided by 上海聯合產權交易所 (Shanghai United Equity Market)#.



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## LETTER FROM THE BOARD

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### INFORMATION ON LIUZHOU CITY

Liuzhou city is located at the central part of Guangxi Zhuang Autonomous Region, the PRC which has a population of approximately 3.5 million. In the past, Liuzhou city relied on using coal gas as the main source of energy. However, with the environmental pollution problem created by using coal gas and the rapid economic development in Liuzhou city, coal gas is no longer suitable as an energy source. Since then, Liuzhou Gas had begun to build liquefied petroleum gas pipeline networks to replace the coal gas pipeline networks and implemented the use of liquefied petroleum gas in 2002. Local government of Liuzhou city is prepared to use natural gas as the main source of energy in Liuzhou city in the long-run.

The design for liquefied petroleum gas pipeline is more or less the same as natural gas pipeline. As such, the existing liquefied petroleum gas pipeline may also be applied for use in natural gas in the near future. According to the study conducted by the local government of Liuzhou city, it predicts that piped gas connections and natural gas consumption in Liuzhou city will reach 150,000 households and 270 million cubic metres respectively by 2010.

### REASONS FOR THE ACQUISITION

The Group is principally engaged in investment in, operation and management of, gas pipeline infrastructure and the sale and distribution of piped 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 consider that the Acquisition offers the Group a good business opportunity to expand its natural gas business in the PRC which is in line with the Group's objective of developing and investing in natural gas projects in the PRC.

Inasmuch as the Agreement confers an exclusive right in the operation of piped gas in Liuzhou city for a duration of 30 years to the CFEJV as reorganized from Liuzhou Gas upon its reorganisation (the extension of which will be subject to agreement the local government of Liuzhou city and the CFEJV as reorganised), the Directors believe that the Acquisition will enhance the earnings ability to the Group in the near future and there will not be adverse impact on the Group as a whole.

Given the enhancement in the earnings ability of the Group by entering into the Agreement, despite the total consideration of RMB140,380,000 (equivalent to approximately HK\$134,980,769) for the Acquisition represents a premium of 67% over the net asset value of Liuzhou Gas of approximately RMB168,034,613 (equivalent to approximately HK\$161,571,743) as assessed by the said Chinese independent valuer appointed by Liuzhou Holdings as disclosed in the valuation attached to the tender document provided by 上海聯合產權交易所 (Shanghai United Equity Market)#, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Agreement are nonetheless on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### FINANCIAL EFFECT UPON COMPLETION OF THE ACQUISITION

As Liuzhou Gas is a jointly-controlled entity of the Group upon completion of the Acquisition, the Group will recognize its interests in Liuzhou Gas using proportionate consolidation. The Group's share of each of the assets, liabilities, income and expenses of Liuzhou Gas will be combined with the Group's similar line items, line by line, in the consolidated financial statements.

### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix of this circular.

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

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Directors' interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, were as follows:

#### (i) Shares:

Name of Director	Note	Nature of interest	Total	Approximate percentage or attributate percentage of shareholdings (%)
Mr. Liu Ming Hui ("Mr. Liu")	1	Personal	475,156,000 (L) 128,500,000 (S)	18.19 4.92

(L) Long position

(S) Short position

Notes:

- These 475,156,000 Shares represent 211,656,000 beneficially owned by Mr. Liu, 135,000,000 options held by Mr. Liu and 128,500,000 to be delivered to Hai Xia Finance Holdings Limited ("Hai Xia"). Pursuant to a sale and purchase agreement dated 8 March 2005 and entered into between Hai Xia and Mr. Liu, Mr. Liu agreed to sell and Hai Xia agreed to purchase 190,000,000 Shares from Mr. Liu in five tranches for a cash consideration in the aggregate amount of HK\$330,000,000. Details of the transaction were set out in the announcement of the Company dated 9 March 2005. As at the Latest Practicable Date, the sale and purchase of 61,500,000 Shares had been completed.

## (ii) Share options:

Name of Director	Number of options held	Nature of interest	Number of underlying Shares	Approximate percentage of the issued share capital of the Company (%)
Mr. Li Xiaoyun	5,000,000 ( <i>Note 1</i> )	Personal	5,000,000	0.19
	5,000,000 ( <i>Note 5</i> )	Personal	5,000,000	0.19
Mr. Xu Ying	5,000,000 ( <i>Note 1</i> )	Personal	5,000,000	0.19
	90,000,000 ( <i>Note 3</i> )	Personal	90,000,000	3.45
Mr. Liu Ming Hui	5,000,000 ( <i>Note 1</i> )	Personal	5,000,000	0.19
	130,000,000 ( <i>Note 3</i> )	Personal	130,000,000	4.98
Mr. Ma Jin Long	9,240,711 ( <i>Note 1</i> )	Personal	9,240,711	0.35
Mr. Zhu Wei Wei	4,000,000 ( <i>Note 1</i> )	Personal	4,000,000	0.15
	6,000,000 ( <i>Note 2</i> )	Personal	6,000,000	0.23
Mr. Mao Er Wan	1,000,000 ( <i>Note 1</i> )	Personal	1,000,000	0.04
	700,000 ( <i>Note 4</i> )	Personal	700,000	0.03
Ms. Wong Sin Yue Cynthia	1,000,000 ( <i>Note 1</i> )	Personal	1,000,000	0.04
	700,000 ( <i>Note 4</i> )	Personal	700,000	0.03
Mr. Zhao Yu Hua	1,000,000 ( <i>Note 1</i> )	Personal	1,000,000	0.04
	700,000 ( <i>Note 4</i> )	Personal	700,000	0.03

*Notes:*

- These options were granted under the share option scheme (the “Share Option Scheme”) adopted by the Company on 6 February 2003 and entitle the holders thereof to subscribe for Shares at an exercise price of HK\$0.80 per Share during the period from 1 September 2004 to 8 January 2014.
- These options were granted under the Share Option Scheme and entitle the holders thereof to subscribe for Shares at an exercise price of HK\$0.71 per Share during the period from 20 March 2005 to 5 October 2014.
- These options were granted under the Share Option Scheme and entitle the holders thereof to subscribe for Shares at an exercise price of HK\$0.71 per Share during the period from 22 November 2004 to 5 October 2014. The exercise of options will be subject to the condition that the consolidated net asset value of the Group which shall be certified by the auditors appointed by the Company as at the date of exercise of the options being not less than HK\$1 billion.

4. These options were granted under the Share Option Scheme and entitle the holders thereof to subscribe for Shares at an exercise price of HK\$0.71 per Share during the period from 1 January 2005 to 5 October 2014.
5. These options were granted under the Share Option Scheme and entitle the holders thereof to subscribe for Shares at an exercise price of HK\$1.50 per Share during the period from 20 October 2010 to 19 October 2015.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests and short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

**(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholders**

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, the following person (not being Directors or chief executive of the Company) had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company (including any interests in options in respect of such capital) which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

## (i) Substantial shareholders of the Company:

Name of Shareholder	Notes	Nature of interest	Total	Approximate percentage or attributate percentage of shareholdings (%)
Ms. Xu Xau Lan	1	Deemed interest	475,156,000 (L)	18.19
			128,500,000 (S)	4.92
Hai Xia	2	Beneficial owner	340,000,003 (L)	13.01
			150,000,003 (S)	5.74
China Petroleum & Chemical Corporation		Beneficial owner	210,000,000 (L)	8.04
GAIL (India) Limited		Beneficial owner	210,000,000 (L)	8.04
Oman Oil Company S.A.O.C. (“OOC”)		Beneficial owner	210,000,000 (L)	8.04
Mackenzie Financial Corporation		Investment manager	231,010,000(L)	8.84

*(L) Long position**(S) Short position**Notes:*

- Ms. Xu Xau Lan is deemed to be interested in the Shares held by her spouse, Mr. Liu.
- These 340,000,003 Shares represent 211,500,003 beneficially owned by Hai Xia and 128,500,000 to be delivered by Mr. Liu to Hai Xia pursuant to the sale and purchase agreement dated 8 March 2005 and entered into between Hai Xia and Mr. Liu. Details of the transaction were set out in the announcement of the Company dated 9 March 2005. As at the Latest Practicable Date, the sale and purchase of 61,500,000 Shares had been completed.
- On 28 November 2005, a share subscription agreement was entered between the Company and OOC in relation to, among other matters, the subscription of 210,000,000 Shares at the subscription price of HK\$1.185 per Share. Details of the transaction were disclosed in the announcement of the Company dated 29 November 2005.

## (ii) Substantial shareholders of other members of the Group:

Name of subsidiary	Name of substantial shareholder	Percentage of shareholding (%)
Yichang China Gas & City Gas Company Limited	宜昌天然氣有限責任公司 (Yichang City Natural Gas Company Limited)#	30
Wuhu City Natural Gas Development Company Limited	安徽省蕪湖市燃氣總公司 (Anhui Province Wuhu City Natural Gas Head Company)#	10
Yiyang Central Gas & City Gas Development Company Limited	益陽市城市建設投資開發有限責任公司 (Yiyang City Construction, Investments and Development Company Limited)#	20
Xiaogan Zhenrong Gas Co. Limited	北京裕隆倉燃氣技術有限公司 (Beijing Yu Long Cang Technology Co. Limited)#	45
Suzhou Zhongran City Gas Development Company Limited	宿州市燃氣有限公司	25
Shouxian Zhongran City Gas Development Limited	壽縣建設投資公司	10
Beijing Xiangke Jiahua Oil & Gas Technology Company Limited	北京中燃偉業投資有限公司 (Beijing Zhongran Wei Yip Investment Co. Limited)#	40
Baoji JV	寶雞市天然氣總公司 (Baoji City Gas Company)#	34

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interest or short positions in the shares or underlying shares of the Company (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

### 3. DIRECTORS' SERVICE CONTRACTS

Each of Mr. Xu Ying and Mr. Liu Ming Hui had entered into a service agreement with the Company commencing from 1 April 2005 for a period of three years.

As at the Latest Practicable Date, save as disclosed above, none of the Directors has entered into or proposed to enter into any service agreement with any member of the Group, which will expire or may not be terminated by the Company within a year without payment of any compensation (other than statutory compensation).

### 4. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries were engaged in any litigation, arbitration or claim of material importance and there is no litigation, arbitration or claim of material importance known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

### 5. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware of, none of the Directors or their respective associates had any interests in a business which competes or may compete, either directly or indirectly, with the business of the Group or, any other conflicts of interest within the Group.

### 6. MISCELLANEOUS

- (a) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The head office and principal place of business of the Company in Hong Kong is located at Room 1601, 16th Floor, AXA Centre, 151 Gloucester Road, Wanchai, Hong Kong.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Rooms 1901-05, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The secretary of the Company is Ms. Yang Yan Tung Doris, *ACS, ACIS*.
- (e) The qualified accountant of the Company is Mr. Li Wai Hung, *FCCA*.