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(Incorporated in Bermuda with limited liability)
(Stock Code: 384)

MAJOR TRANSACTION

The Board is pleased to announce that on 10 March 2011, the Purchaser entered into the Equity Transfer Agreement with the Vendors pursuant to which the Purchaser has conditionally agreed to purchase and the Vendors have conditionally agreed to sell the entire issued share capital of the Target for a total cash consideration of HK\$530,000,000. The transfer of the Sale Shares from the Vendors to the Purchaser will be completed in two stages. The first stage will take place on the First Completion Date where 80% of the Sale Shares will be transferred. The second stage will take place on the Second Completion Date where the remaining 20% of the Sale Shares will be transferred.

Upon completion of the sale and purchase of the 80% Sale Shares, the Target will become a subsidiary of the Company and its financial information will be consolidated into the Group. The Target will remain as a subsidiary of the Company after the completion of the sale and purchase of the 20% Sale Shares.

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the entering of the Equity Transfer Agreement exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and therefore the Company is subject to the reporting, announcement and shareholders' approval requirements.

A circular containing, among other things, further details of the transactions contemplated under the Equity Transfer Agreement and the financial information of the Target Group will be despatched to the Shareholders as soon as practicable in compliance with the Listing Rules. It is currently expected that the circular will despatched by the Company to the Shareholders on or about 30 April 2011.

THE EQUITY TRANSFER AGREEMENT

Date: 10 March 2011

Parties: Purchaser: (1) Energy Link

Vendors: (2) Magic Strength

(3) Wealth Elite

(4) Elite First

As disclosed in the announcement of the Company dated 26 November 2010, the Company and Oman Oil entered into a conditional joint venture agreement dated 26 November 2010 (the "JV Agreement") pursuant to which, among other things, the Company conditionally agreed to incorporate a new company in Hong Kong (the "NewCo") and Oman Oil agreed to subscribe for 45% of the entire issued share capital of the NewCo. As at the date of this announcement, the transactions contemplated under the JV Agreement has not been completed but the NewCo has been set up by the Company and is named as Energy Link (i.e. the Purchaser).

As at the date of the Equity Transfer Agreement, Magic Strength, Wealth Elite and Elite First owned 29,155 shares, 41,955 shares and 17,778 shares respectively of the Target, representing 32.8%, 47.2% and 20% of the entire issued share capital of the Target respectively.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date of this announcement, each of the Vendors and its ultimate beneficial owner(s) are independent third parties of the Company and its connected persons. For further details of the Venders and their ultimate beneficial owners, please refer to the section headed "Information on the Group and the Vendors" below.

Effectiveness of the Equity Transfer Agreement

The Equity Transfer Agreement shall take effect upon the fulfilment of the following conditions:

- (a) each of the Purchaser and the Vendors or its legal representatives or authorised persons signing on the Equity Transfer Agreement;
- (b) the passing of a resolution by the board of directors of the Target approving the contents of the Equity Transfer Agreement; and
- (c) the passing of a resolution by the board of directors of the Company approving the contents of the Equity Transfer Agreement.

Upon signing of the Equity Transfer Agreement by the Purchaser and the Vendors, each of the above conditions have been fulfilled and therefore the Equity Transfer Agreement has taken effect and binding upon the parties thereto.

Assets to be acquired

The Sale Shares, representing the entire issued share capital of the Target as at the date of this announcement, will be transferred to the Purchaser by the respective Vendors in two stages. The 80% Sale Shares, representing 80% of the entire issued share capital of the Target, will be transferred to the Purchaser by the respective Vendors on the First Completion Date. The 20% Sale Shares, representing the remaining 20% of the entire issued share capital of the Target will be transferred to the Purchaser or an associated company appointed by the Purchaser's parent company by the respective Vendors on the Second Completion Date.

Upon the completion of the sale and purchase of the 80% Sale Shares, the Target will become a subsidiary of the Company and its financial information will be consolidated into the Group. The Target will remain as a subsidiary of the Company after the completion of the sale and purchase of the 20% Sale Shares.

Consideration

The consideration for the 80% Sale Shares is HK\$424,000,000, will be satisfied by the Purchaser in cash and will be settled in the following manner:

- (a) 20% of the 80% Purchase Price, being HK\$84,800,000, as a deposit payable by the Purchaser to the designated account of the Vendors on a pro rata basis within 5 working days from the date of the Equity Transfer Agreement, out of which HK\$10 million has been paid by the Purchaser prior to the date of the Equity Transfer Agreement;
- (b) 60% of the 80% Purchase Price, being HK\$254,400,000, will be payable by the Purchaser to the designated account of the Vendors on a pro rata basis within 5 business days upon obtaining the Shareholders' approvals for the Equity Transfer Agreement and the transactions contemplated thereunder; and
- (c) the balance of the 80% Purchase Price, being HK\$84,800,000, will be payable by the Purchaser to the designated account of the Vendors on a pro rata basis within 5 business days after the First Completion Date.

The consideration for the 20% Sale Shares is HK\$106,000,000, will be payable by the Purchaser in cash prior to the Second Completion Date.

The 80% Purchase Price and the 20% Purchase Price, which will be funded by the capital injection into the Purchaser by Oman Oil pursuant to the JV Agreement or by the internal resources of the Group, was agreed between the Purchaser and the Vendors after arm's length negotiations taking into account net asset value of the Target Group. As such, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Equity Transfer Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion of the sale and purchase of 80% Sale Shares is subject to the fulfilment of the following conditions (the "Conditions"):

- (a) the Equity Transfer Agreement becoming effective;
- (b) the 80% of the 80% Purchase Price has been paid in full by the Purchaser to the respective Vendors on a pro rata basis; and
- (c) the Shareholders at the SGM approving, among other things, the Equity Transfer Agreement and the transactions contemplated thereunder; and
- (d) the Base Date (or such other date as may be agreed between the Purchaser and the Vendor) having expired.

As at the date of this announcement, the first condition above has been fulfilled.

It is the intention of the Purchaser and the Vendors that the sale and purchase of the 20% Sale Shares is interconditional upon the completion of the sale and purchase of the 80% Sale Shares.

Forfeiture of deposit

If the sale and purchase of the 80% Sale Shares fails to proceed to completion on the First Completion Date in accordance with the terms and conditions of the Equity Transfer Agreement due to reasons caused by the Purchaser or its parent company (including the failure to obtain approval from the Shareholders at the SGM in relation to the Equity Transfer Agreement and the transactions contemplated thereunder), the Vendors may unilaterally terminate the Equity Transfer Agreement and request the Purchaser to compensate all the damages that the Vendors may have suffered as a consequence. The total amount of such compensation shall not exceed HK\$84,800,000, representing 20% of the 80% Purchase Price.

If the sale and purchase of the 80% Sale Shares fails to proceed to completion on the First Completion Date in accordance with the terms and conditions of the Equity Transfer Agreement due to reasons caused by the Vendors or any of them, the Purchaser may unilaterally terminate the Equity Transfer Agreement and request the Vendors to compensate all the damages that the Purchaser may have suffered as a consequence. The total amount of such compensation shall not exceed HK\$84,800,000, representing 20% of the 80% Purchase Price.

Completion

The completion of sale and purchase of the 80% Sale Shares will take place on the First Completion Date. While completion of the sale and purchase of the 20% Sale Shares shall take place on the Second Completion Date.

Share Charges

As at the date of the signing of the Equity Transfer Agreement, the shares in Panva LPG, Panva Investment and its subsidiaries held by the Target were charged by the Target to Towngas China for the purpose of securing the outstanding payment obligations in connection with a debt of HK\$270,000,000 owed by the Target to Towngas China. Pursuant to the Equity Transfer Agreement, the Target has agreed to repay such debt to Towngas China (without interest) after the Base Date in accordance with the terms and conditions under the relevant legal documentation signed by the Target and Towngas China.

Upon the full repayment of the aforementioned debt, the Purchaser and the Vendors shall be responsible for the immediate release of the Share Charges and the relevant guarantees and the Purchaser and the Vendors shall bear their respective costs incurred thereby.

Undertakings by the Vendor

The Vendors undertake to the Purchaser that the net realised profit of the Target for each of the two years after the Base Date shall not be less than HK\$60 million, failing which the shortfall shall be deducted from the 20% Purchase Price payable under the Agreement provided that the Purchaser is not in breach of the conditions set out in the Equity Transfer Agreement.

Furthermore, the Vendors undertake to the Purchaser that it and its associated companies and employees will not directly or indirectly compete in the business of the Target Group in the PRC within 2 years after the Base Date.

INFORMATION ON THE TARGET GROUP

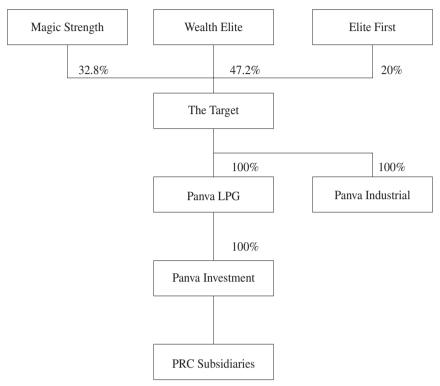
The Target is an investment holding company incorporated in the British Virgin Islands with limited liability and its entire issued share capital is currently owned by Magic Strength, Wealth Elite and Elite First as to 32.8%, 47.2% and 20% respectively. For further details of the shareholding structure of the Target Group, please refer to the section headed "Shareholding Structure of the Target Group" below.

The Target Group is principally engaged in terminal retail business of LPG in the PRC. Its major assets and businesses include a national customer service phone number of 95007, and approximately 450 self-owned retail stores and approximately 120 franchised outlets which are located in provinces such as Nanjing, Wuhan and Hangzhou.

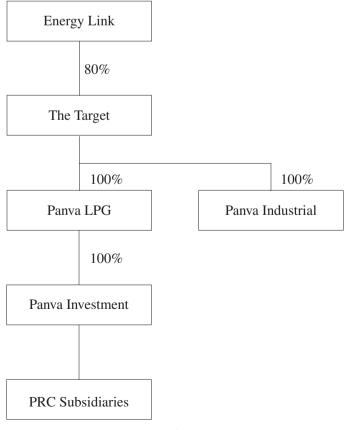
SHAREHOLDING STRUCTURE OF THE TARGET GROUP

Set out below is the shareholding structure of the Target Group (i) as at the date of this announcement; (ii) immediately after the First Completion and (iii) immediately after the Second Completion:

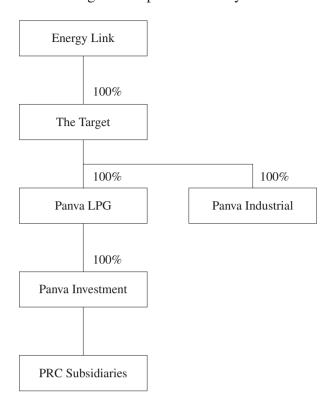
(i) Shareholding structure of the Target Group as at the date of this announcement



(ii) Shareholding structure of the Target Group immediately after the First Completion



(iii) Shareholding structure of the Target Group immediately after the Second Completion



FINANCIAL INFORMATION OF THE TARGET GROUP

A summary of the consolidated financial information of the Target Group prepared in accordance with the Hong Kong Financial Reporting Standards, as provided by the Vendors, is as follows:

	For the period from 6 March 2009 (date of incorporation) to 31 December 2009 (audited) HK\$ million	For the year ended 31 December 2010 (unaudited) HK\$ million
Net profit before taxation	56.8	146.8
Net profit after taxation	42.1	114.1

According to the latest management accounts of the Target, a the unaudited net assets value of the Target, on a consolidated basis, as at 31 December 2010 was approximately HK\$90,000,000.

REASONS FOR THE ENTERING OF THE EQUITY TRANSFER AGREEMENT

As set out in the announcement of the Company dated 26 November 2010, the Company and Oman Oil would seek to further explore synergy and cooperation amongst their respective businesses to further enhance the benefits of both parties.

Since the Target Group is principally engaged in terminal retail business of LPG in the PRC and the Group is principally engaged in the wholesale of LPG, the Board considers that the Acquisition would enable the consolidation of LPG market in the PRC and achieve economies of scale. Furthermore, the Board considers that such vertical integration of business would capture higher market coverage in the PRC. It is expected that overall sale volume of the Group after completion of the 80% Sale Shares would be increased from approximately 650,000 tonnes to around 2,000,000 tonnes and its profit margin could be improved due to the increase in sales volume.

In addition, the Board considers that the Acquisition could enhance the capital strength and brand value of the Group's LPG business as the Target Group has good brand recognition in the downstream market while the Group's LPG wholesale business has good strategic layout and growth potential. The Acquisition is expected to provide a strong support to the long-term development and lay down a solid foundation for the sustainable development of the Group's LPG business.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the entering of the Equity Transfer Agreement exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and therefore the Company is subject to the reporting, announcement and shareholders' approval requirements.

The SGM will be held to consider and, if thought fit, pass the ordinary resolution(s) to approve the Equity Transfer Agreement and the transactions contemplated thereunder. Since Oman Oil holds 237,567,060 Shares, representing approximately 5.42% of the issued share capital of the Company and has a material interest in the transactions contemplated under the Equity Transfer Agreement, Oman Oil is required to abstain from voting in the SGM.

INFORMATION OF THE GROUP AND THE VENDORS

The Group

The Group is principally engaged in the investment in, and the operation and management of, gas pipleline infrastructure and the sale and distribution of gas in the PRC.

Magic Strength

Magic Strength is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. As at the date of this announcement, the entire issued share capital of Magic Strength is held by Mr. OU Yaping.

Wealth Elite

Wealth Elite is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. As at the date of this announcement, As at the date of this announcement, the entire issued share capital of Wealth Elite is held as to 69.49% by Mr. CHEN Wei, 8.47% by Mr. TANG Yui Man Francis, 8.47% by Mr. Shen Lianjin, 3.39% by Mr. Li Fujun, 3.39% by ZHANG Keyu, 3.39% by Ms. HUANG Jie and 3.39% by Mr. LI Feng.

Elite First

Elite First is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. As at the date of this announcement, the entire issued share capital of Elite First is held as to 50% is held by Mr. CHEN Wei and 50% by Mr. SHEN Lianjin.

GENERAL

A circular containing, among other things, further details of the transactions contemplated under the Equity Transfer Agreement and the financial information of the Target Group will be despatched to the Shareholders as soon as practicable in compliance with the Listing Rules. It is currently expected that the circular will despatched to the Shareholders on or about 30 April 2011.

DEFINITIONS

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

"Acquisition" the acquisition of the Sale Shares by the Purchaser pursuant to

the Equity Transfer Agreement

"Base Date" a day falling not later than 31 May 2011

"Board" the board of Directors

"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 of Hong

Kong Limited (stock code: 384)

"connected person(s)" has the meaning ascribed to it under the Listing Rules "Director(s)" the director(s) of the Company "Elite First" Elite First Ltd., a company incorporated in the British Virgin **Islands** "Energy Link" Energy Link Investments Ltd., a company incorporated in Hong Kong "Equity Transfer Agreement" the equity transfer agreement dated 10 March 2011 entered into between the Purchaser and the Vendors for the sale and purchase of the 80% Sale Shares and the 20% Sale Shares "First Completion Date" the date on which the last of the conditions precedent to the sale of purchase of the 80% Sale Shares has been fulfilled "Group" the Company and its subsidiaries "HK\$" Hong Kong Dollars, the lawful currency of Hong Kong "Hong Kong" The Hong Kong Special Administrative Region of the PRC "Hong Kong Financial means the Hong Kong Financial Reporting Standards, Hong Reporting Standards" Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, as amended from time to time "Listing Rules" The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited "LPG" liquefied petroleum gas "Magic Strength" Magic Strength Holdings Ltd., a company incorporated in the British Virgin Islands "Oman Oil" Oman Oil Company S.A.O.C., a company incorporated in the Sultanate of Oman "Panya LPG" Panva LPG Investment Holdings Limited 百江液化氣投資有限 公司, a company incorporated in the British Virgin Islands with limited liability, a wholly-owned subsidiary of the Target

"Panya Industrial" Panva Industrial Gas Investments Limited 百江工業氣體投資 有限公司, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of the Target "Panya Investment" Panva Investment Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of Panva **LPG** "PRC" the People's Republic of China "PRC Subsidiaries" the subsidiaries of the Target which are incorporated in the **PRC** "Purchaser" **Energy Link** "Sale Shares" the entire issued share capital held by the Vendors as at the date of the Equity Transfer Agreement "Second Completion Date" within 15 working days after the second anniversary of the First Completion Date for the completion of sale and purchase of the 20% Sale Shares "SGM" the special general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving, among others, approve the Equity Transfer Agreement and the transactions contemplated thereunder "Share Charges" the share charges created over the shares in Panva LPG, Panva Investment and its subsidiaries held by the Target for the purpose of securing the outstanding payment obligations in connection with a debt of HK\$270,000,000 owed by the Target to Towngas China "Shareholders" shareholders of the Company "Stock Exchange" The Stock Exchange of Hong Kong Limited "Target" Panva Gas Holdings Limited百江氣體控股有限公司, a

company incorporated in the British Virgin Islands with limited

liability

"Target Group" the Target and its subsidiaries

"80% Purchase Price" HK\$424,000,000, being the aggregate purchase price payable

by the Purchaser to the Vendors for the 80% Sale Shares

"20% Purchase Price"	HK\$106,000,000, being the aggregate purchase price payable by the Purchaser to the Vendors for the 20% Sale Shares
"80% Sale Shares"	an aggregate of 88,888 shares of US\$0.01 each in the issued share capital of the Target, of which 29,155 shares will be acquired from Magic Strength, 41,955 shares will be acquired from Wealth Elite and 17,778 shares will be acquired from Elite First, representing 80% of the entire issued share capital of the Target as at the date of this announcement
"20% Sale Shares"	an aggregate of 22,222 shares of US\$0.01 each in the issued share capital of the Target
"Towngas China"	Towngas China Company Limited, a company incorporated in the Cayman Islands with limited liability, and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 1083)
"US\$"	United States Dollars, the lawful currency of the United States of America
"Vendors"	Magic Strength, Wealth Elite and Elite First
"Wealth Elite"	Wealth Elite Holdings Ltd., a company incorporated in the British Virgin Islands
"%"	per cent.

By the order of the Board of
China Gas Holdings Limited
Pang Xing Xue
Joint Managing Director

Hong Kong, 10 March 2011

As of the date of this announcement, Mr. Li Xiao Yun, Mr. Xu Ying, Mr. Liu Ming Hui, Mr. Leung Wing Cheong, Eric, Mr. Ma Jin Long, Mr. Zhu Wei Wei and Mr. Pang Ying Xue are the executive Directors, Mr. Feng Zhuo Zhi, Mr. Joe Yamagata, Mr. P.K. Jain, Mr. Moon Duk Kyu and Mr. Mulham Al Jarf 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.

^{*} for identification purpose only