

*The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement*



## **PANVA GAS HOLDINGS LIMITED**

**百江燃氣控股有限公司\***

*(incorporated in the Cayman Islands with limited liability)*

### **ACQUISITION OF EQUITY INTEREST IN YUECHI GAS**

Reference is made to the announcement made by Panva Gas Holdings Limited (“**Panva**” or the “**Company**”, together with its subsidiaries, the “**Group**”) dated 19 November 2003 (the “**Announcement**”) which announced that, on 18 November 2003, Panriver Investments Company Limited (“**Panriver Investments**”), a wholly-owned subsidiary of the Company, established in the People’s Republic of China (the “**PRC**”), the principal business of which is investments holding, had entered into a non-legally binding framework agreement (the “**Yuechi Framework Agreement**”) with the Municipal Government of the municipality of Yuechi of the Sichuan Province of the PRC (四川省岳池縣人民政府, the “**Yuechi Government**”) in relation to the acquisition of a 70% equity interest in Yuechi Natural Gas Company (四川省岳池縣燃氣總公司, “**Yuechi Gas**”).

The Board of Directors (the “**Board**”) is pleased to announce that on 14 January 2004, Panriver Investments had entered into an acquisition agreement (the “**Acquisition Agreement**”) with Yuechi Government to acquire a 90% equity interest in Yuechi Gas for a consideration of RMB37,000,000. The Acquisition Agreement superseded the Yuechi Framework Agreement as referred to in the Announcement. Save and except for in relation to the transaction referred to in the Acquisition Agreement, both the Yuechi Government and Yuechi Gas are independent third parties who are not connected with any of the directors, chief executive, substantial shareholders, initial management shareholders of the Company or any of its respective associates as defined in the Rules Governing the Listing of Securities (the “**GEM Listing Rules**”) on Growth Enterprise Market (“**GEM**”) of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

As the transaction under the Acquisition Agreement does not constitute a transaction discloseable under Chapter 19 of the GEM Listing Rules, disclosure relating to the Acquisition Agreement in this announcement by the Company is for information purpose only.

Reference is made to the Announcement dated 18 November 2003, Panriver Investments, a wholly-owned subsidiary of the Company, established in the PRC, the principal business of which is investments holding, had entered into the Yuechi Framework Agreement with the Yuechi Government in relation to the acquisition of interest in Yuechi Gas. The Board is now pleased to announce that

on 14 January 2004, the Yuechi Government and Panriver Investments have entered into the Acquisition Agreement superceding the Yuechi Framework Agreement. Details of the Acquisition Agreement are as follows:

## **ACQUISITION AGREEMENT**

**Date** 14 January 2004

### **Parties**

Yuechi Government the vendor

Panriver Investments the purchaser

### **Equity interest to be transferred and consideration**

The Yuechi Government will sell 90% of the equity interest in Yuechi Gas to Panriver Investments for a consideration of RMB37,000,000. Yuechi Gas will be converted into a limited liability company and renamed as Yuechi Panva Gas Company Limited (岳池百江燃氣有限公司, “**Yuechi Panva Gas**” ) as soon as practicable.

The consideration of RMB37,000,000 was determined as a result of negotiation between the parties on an arms length basis and on normal commercial terms, taking into account of their respective internal resources and the future development of the joint venture. It represents a premium of RMB25,300,000 for the 90% of the net asset value of Yuechi Gas. Taking into account of, among other things, the fact that Yuechi Government will also grant to Yuechi Panva Gas an exclusive right to carry on the business of natural gas in Yuechi municipality of Sichuan Province, the area governed by the Yuechi Government, for a period of 30 years from the date of conversion of Yuechi Gas to Yuechi Panva Gas, and after arms-length negotiation between the Yuechi Government and the Company, the Board considers that such premium is fair and reasonable.

Save as aforementioned, no other capital commitments have been made by the Company for this transaction.

The respective proportions of equity interests held in Yuechi Gas before and after completion of the Acquisition Agreement are as follow:

| <b>Shareholders</b>  | <b>Proportion of equity interests in Yuechi Gas immediately before the completion of the transfer of the Equity Interests</b> | <b>Proportion of equity interests in Yuechi Gas immediately after the completion of the transfer of the Equity Interests</b> |
|----------------------|---|--|
| Yuechi Government    | 100%  | 10%  |
| Panriver Investments | 0%  | 90%  |
|                      | <hr style="width: 100%; border: 0.5px solid black;"/>   | <hr style="width: 100%; border: 0.5px solid black;"/>  |
|                      | <b>100%</b>   | <b>100%</b>  |
|                      | <hr style="width: 100%; border: 1.5px solid black;"/>   | <hr style="width: 100%; border: 1.5px solid black;"/>  |

It is also the understanding between Yuechi Government and Panriver Investments that, upon the conversion of Yuechi Gas to Yuechi Panva Gas, the composition of the board of Yuechi Panva Gas will be changed to reflect their respective investment proportion in Yuechi Panva Gas.

## **PAYMENT TERMS**

Upon signing of the Acquisition Agreement, Panriver Investments shall pay RMB30,000,000 in cash to the Yuechi Government. Within 7 days from the establishment of Yuechi Panva Gas, Panriver Investments shall pay the remaining RMB7,000,000 in cash to the Yuechi Government.

## **YUECHI PANVA GAS AND ITS BUSINESS ACTIVITIES**

As at 31 December 2003, Yuechi Gas has a net asset value of approximately RMB13,000,000. The principal business activities of Yuechi Panva Gas are to operate and continue to expand the piped gas network in Yuechi including the construction of the main trunk, sub-branch networks and the connection into individual households, the supply of piped gas to industrial, commercial and residential users. Yuechi Panva Gas is engaged in processing, transportation, storage, wholesale and retail of natural gas and liquefied petroleum gas (the “**LP Gas**”), the operation of a natural gas automobile refilling station and logistic services of natural gas and LP Gas and LP Gas related services. The Company has no existing similar business in Yuechi and the business scope of Yuechi Panva Gas is consistent with the existing business scope of the Group.

## **BUSINESS OF THE GROUP**

The Group is principally engaged in the sale and distribution of natural gas and LP Gas in the Eastern, Central and Southwest regions of the PRC. The Group's main activities include the sale of LG Gas in bulk and in cylinders, the provision of piped natural gas and LP Gas, and the sale of natural gas and LP Gas household appliances.

## **GENERAL**

The consideration to be paid under the Acquisition Agreement will be financed by the internal resources of the Group. Save and except for the transaction contemplated under the Acquisition Agreement, the Company has not decided whether there will be further investment and development in the Yuechi project in the future. The Company will inform the Stock Exchange immediately for any future investments made by the Company in Yuechi Gas and will make appropriate announcements. In addition, the Company will comply with the requirements under the Chapter 19 of the GEM Listing Rules if they constitute notifiable transactions for Panva.

By order of the Board  
**PANVA GAS HOLDINGS LIMITED**  
**Chen Wei**  
*Managing Director*

14 January 2004, Hong Kong

*This announcement, for which the directors of Panva Gas Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprises Market of the Stock Exchange for the purpose of giving information with regard to Panva Gas Holdings Limited. The directors of Panva Gas Holdings Limited, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:– (i) the information contained in this announcement is accurate and complete in all material respects and no misleading; (ii) there are no other matters the omission in this announcement have been arrived at after due and careful and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting and on the website of Panva Gas at [www.panva-gas.com](http://www.panva-gas.com).*

\* *For identification purpose only*