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PANVA GAS HOLDINGS LIMITED

百江燃氣控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8132)

DISCLOSEABLE TRANSACTION

ACQUISITION OF 13% INTEREST IN CHENGDU CITY GAS

The Board is pleased to announce that on 30 November 2004, the Company entered into the Sale and Purchase Agreement with the Vendor, in relation to the acquisition by the Company of a 13% interest in Chengdu City Gas. Upon completion of the Sale and Purchase Agreement, the other shareholders of Chengdu City Gas will be the Vendor (41%), the employees of Chengdu City Gas (10%) and an Independent Third Party (36%).

Chengdu City Gas is currently a state-owned enterprise incorporated in the PRC, which is presently 90% owned by the Vendor with the remaining 10% owned by the employees of Chengdu City Gas and is principally engaged in the provision of natural gas to domestic and commercial users and the operation of the city gas pipeline network in the city of Chengdu, Sichuan Province, PRC.

The Acquisition constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules.

A circular containing further details of the Acquisition and other information as required under the GEM Listing Rules will be despatched to the shareholders of the Company as soon as practicable.

INTRODUCTION

The Board is pleased to announce that on 30 November 2004, the Company entered into the Sale and Purchase Agreement with the Vendor in relation to the acquisition by the Company of a 13% interest in Chengdu City Gas. To the best of the knowledge, information and belief of the Board and having made all reasonable enquiries, the Vendor is a third party independent of the Company and is not a connected person (as defined in the GEM Listing Rules) of the Company and is independent of the connected persons of the Company.

* *For identification purpose only*

SALE AND PURCHASE AGREEMENT

Date: 30 November 2004

Parties:

The vendor 成都城建投資管理集團有限責任公司 (“Chengdu City Development and Investment Management Co., Limited”)

The purchaser the Company

Assets to be acquired:

104,000,000 shares in Chengdu City Gas (representing approximately 13% interest in Chengdu City Gas).

Consideration:

In accordance with the terms and conditions of the Sale and Purchase Agreement, the consideration of RMB170,352,000 (or its equivalent in foreign currency) representing RMB1.638 per share in Chengdu City Gas shall be placed in an escrow account operated jointly by the Vendor and the Company within 30 Business Days of signing.

The total consideration of RMB170,352,000 was determined based on market research and investigation conducted by the Company, which was accepted by the Vendor in an open tender on 30 November 2004.

The parties have further agreed that upon signing, the Vendor shall be paid the refundable sum of RMB500,000 as security for the Company strictly adhering to and performing the terms and conditions of the Sale and Purchase Agreement. Such sum of RMB500,000 (together with all interest accrued thereon) shall be duly refunded to the Company within 10 Business Days after completion of the transfer of the shares pursuant to the Sale and Purchase Agreement.

Completion:

Completion is scheduled to take place within 30 Business Days after release of the consideration placed in the joint escrow account to the Vendor which will take place upon the relevant PRC authorities granting the necessary approvals in respect of the Sale and Purchase Agreement. The Sale and Purchase Agreement does not include any long-stop date.

The Sale and Purchase Agreement shall become effective and binding upon signing and the obtaining of the necessary approvals from the relevant PRC authorities.

It has been agreed that the obtaining of all necessary approvals from the relevant PRC authorities shall be carried out by the Vendor, whilst the Company will provide all necessary assistance in relation thereto.

FUNDING

The consideration for the Acquisition will be financed out of the internal resources of the Company.

INFORMATION ON CHENGDU CITY GAS

Chengdu City Gas is currently a state-owned enterprise incorporated in the PRC, which is presently 90% owned by the Vendor with the remaining 10% owned by the employees of Chengdu City Gas. Chengdu City Gas is principally engaged in the provision of natural gas to domestic and commercial users and the operation of the city gas pipeline network in the city of Chengdu of Sichuan Province, PRC. Upon completion of the Sale and Purchase Agreement, Chengdu City Gas will become a sino-foreign equity joint venture company and it will be an associated corporation of the Company.

Upon completion of the Sale and Purchase Agreement, the shareholding of Chengdu City Gas, will be as follows (i) the employees of Chengdu City Gas (10%); (ii) an Independent Third Party (36%); and (iii) the Company (13%) respectively, while the remaining 41% will be remain to be owned by the Vendor.

Upon completion of the Sale and Purchase Agreement, the board of directors of Chengdu City Gas will comprise of 9 directors, 4 of which will be nominated by the Vendor, 3 of which will be nominated by an Independent Third Party, 1 of which will be nominated by the employees of Chengdu City Gas, with the remaining 1 to be nominated by the Company. Presently Chengdu City Gas has a registered share capital of RMB800 million, of which 90% is owned by the Vendor, while the remaining 10% is owned by the employees of Chengdu City Gas.

As at 30 June 2004 (being the date of the latest audited accounts of Chengdu City Gas), Chengdu City Gas has net assets of approximately RMB825,250,000. The net loss before taxation and extraordinary items and net loss after taxation and extraordinary items for the year ended 31 December 2002 were RMB4,859,247 and RMB5,587,928 respectively. The net profit before taxation and extraordinary items and net profit after taxation and extraordinary items for the year ended 31 December 2003 were RMB21,021,247 and RMB14,835,192 respectively.

REASONS FOR THE ACQUISITION

The Company is engaged in the downstream operations of the gas sector in the PRC and as part of its strategy in business development, the Company expands through mergers and acquisitions. In addition to its current operation in eight provinces in the PRC, the Company through the Acquisition will further expand its piped gas operations in Sichuan Province. Chengdu is the capital of Sichuan Province, with an urban population of approximately 11 million people, and serves as the major hub

for south-west PRC. The surrounding area of Chengdu is a large source of natural gas and with annual capacity exceeding 600 million cubic meters of natural gas. The successful acquisition of a 13% interest in Chengdu City Gas marks the eleventh city piped gas project for the Company in Sichuan Province. The rapid development of the PRC economy, along with accelerated urbanization, translates into growing household natural gas consumption. Moreover, as Chengdu is a major tourism attraction in southwestern PRC, the fast-growing hospitality and catering industries will help to boost commercial natural gas consumption as well. In the circumstances, the Acquisition will allow the Company to enhance its earnings and assets base.

The Board (including the independent non-executive directors) believes that the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of the shareholders of the Company as a whole.

GENERAL

The Acquisition constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules.

A circular containing further details of the Acquisition and other information as required under the GEM Listing Rules will be despatched to the shareholders of the Company as soon as practicable.

DEFINITIONS

“Acquisition”	the acquisition of a 13% interest in Chengdu City Gas pursuant to the Sale and Purchase Agreement
“Board”	the board of directors of the Company
“Business Day(s)”	means a day (other than a Saturday or a Sunday) on which licensed banks are open for business in the PRC
“Chengdu City Gas”	成都城市燃氣有限公司 (“City of Chengdu Gas Company Limited”), a company established in the PRC, which is currently 90% owned by the Vendor with the remaining 10% owned by the employees of Chengdu City Gas
“Company”	Panva Gas Holdings Limited (百江燃氣控股有限公司), a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on The Growth Enterprise Market of the Stock Exchange

“Independent Third Party”	an independent third party which is not connected with the chief executive, directors, substantial shareholders and management shareholders of the Company or any of its subsidiaries and their respective associates
“LP Gas”	liquefied petroleum gas
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the agreement dated 30 November 2004 entered into between the Vendor and the Company in relation to the sale and purchase of a 13% interest in Chengdu City Gas
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	成都城建投資管理集團有限責任公司 (“Chengdu City Development and Investment Management Co., Limited”), a PRC state-owned enterprise
“%”	per cent.

By order of the Board
Panva Gas Holdings Limited
Chen Wei
Managing Director

As at the date of this announcement, the Board comprises of:

Executive Directors:

OU Yaping (*Chairman*)
TANG Yui Man, Francis (*Vice Chairman*)
CHEN Wei (*Managing Director*)
LI Fujun
ZHANG Keyu
SHEN Lian Jin

Non-executive Directors:

FOK Kin-Ning, Canning
TO Chi Keung, Simon
(*alternate director to Mr. FOK Kin-Ning, Canning*)

Independent Non-executive Directors:

CHEUNG Hon Kit
LI Xiao Ru
GE Ming

1 December 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 Enterprise 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 not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; 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.

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