

The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited takes no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim 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)

Stock code on Main Board: 1083

Stock code on GEM: 8132

**PROPOSED VOLUNTARY WITHDRAWAL OF LISTING
ON THE GROWTH ENTERPRISE MARKET OF
THE STOCK EXCHANGE OF HONG KONG LIMITED,
PROPOSED REDUCTION OF THE MINIMUM NOTICE PERIOD
IN RESPECT OF THE PROPOSED WITHDRAWAL,
PROPOSED TERMINATION OF THE EXISTING SHARE OPTION SCHEME,
PROPOSED ADOPTION OF THE PROPOSED SHARE OPTION SCHEME,
PROPOSED ADOPTION OF NEW ARTICLES OF ASSOCIATION IN SUBSTITUTION
OF THE EXISTING ARTICLES OF ASSOCIATION,
PROPOSED GRANT OF NEW GENERAL MANDATES
AND PROPOSED REVOCATION OF EXISTING GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES**

Sponsor



Merrill Lynch (Asia Pacific) Limited

The Company is proposing to list the Shares on the Main Board by way of introduction. On May 3, 2005, the Board announced that an application for the Proposed Introduction was submitted to the Stock Exchange and the Stock Exchange was informed of the Company's intention to implement the Proposed Withdrawal subject to certain conditions. Immediately prior to the listing of the Shares on the Main Board, the listing of the Shares on GEM will be withdrawn.

In connection with the Proposed Introduction, the Company propose to the Shareholders to terminate the New GEM Share Option Scheme and adopt the Proposed Share Option Scheme, to adopt the New Articles in substitution of the Existing Articles, grant the Share Issue Mandate and the Repurchase Mandate and revoke the Existing Mandates to comply with the requirements under the Main Board Listing Rules.

The Stock Exchange informed the Sponsor on November 2, 2005 that the Listing Committee had granted an approval in principle of the listing of, and permission to deal in, the Shares on the Main Board. The Circular containing the EGM Notice will be despatched to the Shareholders on November 4, 2005. The Listing Document issued in connection with the Proposed Introduction will also be despatched to the Shareholders, for information purposes only, on November 4, 2005.

Warning:

There is no assurance that permission will be obtained from the Stock Exchange for the Proposed Introduction. Shareholders and potential investors should be aware that the implementation of the Proposed Withdrawal and the Proposed Introduction are subject to the conditions set out below being fulfilled and thus may or may not become effective. Accordingly, the Proposed Withdrawal and the Proposed Introduction may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

INTRODUCTION

On May 3, 2005, the Board announced that an application for the Proposed Introduction was submitted to the Stock Exchange and the Stock Exchange was informed of the Company's intention to implement the Proposed Withdrawal subject to certain conditions. The Stock Exchange informed the Sponsor on November 2, 2005 that the Listing Committee of the Main Board had granted an approval in principle of the proposed listing of the Shares on the Main Board.

THE PROPOSED WITHDRAWAL AND THE PROPOSED INTRODUCTION

On September 8, 2005, the Sponsor submitted a formal application for and on behalf of the Company to the Stock Exchange for the listing of, and permission to deal in, on the Main Board, (i) the 942,250,891 Shares in issue; (ii) 13,570,000 Shares which may be issuable upon the exercise of the outstanding options which were granted under the Pre-GEM Listing Share Option Scheme; (iii) 28,959,000 Shares which may be issuable upon the exercise of the outstanding options which were granted under the Old GEM Share Option Scheme; (iv) any Shares which may be issuable upon the exercise of any options which may be granted under the Proposed Share Option Scheme; and (v) any Shares which may be issuable upon the exercise of the conversion rights under the Convertible Bonds. Immediately prior to the Proposed Introduction, the listing of the Shares on GEM will be withdrawn.

Pursuant to Rule 9.19 of the GEM Listing Rules, an issuer that has an alternative listing on another regulated, regularly operating, open stock exchange or securities market recognised for this purpose by the Stock Exchange, may not voluntarily withdraw its listing on GEM unless:

- (i) the prior approval of the shareholders of the issuer has been obtained by way of an ordinary resolution passed at a duly convened meeting of the shareholders of the issuer; and
- (ii) the issuer has given its shareholders at least three months' notice of the proposed withdrawal of listing.

In connection with the Proposed Withdrawal, the Company has applied to, and the Stock Exchange has granted, a waiver from strict compliance with the minimum three months' notice required under Rule 9.19 of the GEM Listing Rules, subject to the fulfillment of the following conditions:

- (i) the prior approval of the Shareholders for the reduction in the notice period for the Proposed Withdrawal to a minimum period of five clear Business Days shall have been obtained;
- (ii) in respect of the Shares, there is no change in the board lot size, the share certificates, the share registrar and the trading currency in connection with the proposal to transfer its listing status; and
- (iii) there is no other fact that leads the Stock Exchange to believe that the reduced notice period is not feasible.

Accordingly, the EGM is convened to seek the approval of the Shareholders for, amongst other things, the Proposed Withdrawal and the proposed reduction in the notice period for the Proposed Withdrawal. After Shareholders' approval shall have been obtained, a notice of the Proposed Withdrawal will be published not less than five clear Business Days prior to the Effective Date.

The Directors consider that it is in the best interests of the Shareholders and the Company as a whole that the notice period for the Proposed Withdrawal be reduced so that the Proposed Withdrawal and the Proposed Introduction can be carried out as soon as practicable after obtaining the relevant approvals from the Shareholders at the EGM.

CONDITIONS OF THE PROPOSED WITHDRAWAL AND THE PROPOSED INTRODUCTION

The implementation of the Proposed Withdrawal and the Proposed Introduction are conditional upon, amongst other things:

- (i) the Listing Committee granting approval for the listing of, and permission to deal in the Shares on the Main Board mentioned under the paragraph headed "The Proposed Withdrawal and the Proposed Introduction" above;
- (ii) the passing of an ordinary resolution by the Shareholders at the EGM to approve, amongst other things, the Proposed Withdrawal and the proposed reduction in the notice period for the Proposed Withdrawal;
- (iii) the publication of a notice of the Proposed Withdrawal after obtaining the approval of Shareholders referred to in condition (ii) above on a date that is not less than five clear Business Days prior to the Effective Date; and
- (iv) the obtaining of all other relevant consents which are required in connection with the implementation of the Proposed Withdrawal and the Proposed Introduction and fulfillment of all conditions which may be attached to such consents, including but not limited to, (a) the consents to the Proposed Withdrawal and the Proposed Introduction of (1) the holder of the Kenson Note; and (2) DB Trustees (Hong Kong) Limited, the trustee of the Convertible Bonds; (b) the publication of a notice to the bondholders of the Convertible Bonds; and (c) satisfying any other applicable requirements relating to the Kenson Note and the Convertible Bonds.

EFFECTS OF THE PROPOSED WITHDRAWAL AND THE PROPOSED INTRODUCTION

Subject to the fulfillment of the conditions set out in the immediately preceding paragraph, dealings in the Shares on GEM will cease at 9:30 a.m. on the Effective Date and dealings in the Shares on the Main Board will commence at 9:30 a.m. on the Effective Date. The Company will make an announcement after the EGM to publish the results of the EGM and other information on the Proposed Withdrawal and the trading arrangements of the Shares with respect to the Proposed Withdrawal and the Proposed Introduction.

The Proposed Withdrawal and the Proposed Introduction will have no effect on the existing share certificates in respect of the Shares which will continue to be good evidence of legal title and will not involve any transfer or exchange of the existing share certificates. The Directors propose no change to be made to the board lot size, trading currency of the Shares and the share registrar of the Shares in connection with the Proposed Withdrawal and the Proposed Introduction. **Please note that if and when the Shares are listed on the Main Board, you may be required to sign a new client agreement with your stockbrokers.**

Please also note that the continuing obligations of listed issuers under the Main Board Listing Rules and the GEM Listing Rules are not the same. Under the GEM Listing Rules, the Company is required to publish its quarterly results on the internet website operated by the Stock Exchange. Upon the listing of the Shares on the Main Board, the Company will cease the practice of quarterly reporting and will follow the relevant requirements of the Main Board Listing Rules which include, amongst other things, through paid announcements in newspapers generally circulated in Hong Kong, publish its interim results and annual results within three months and four months from the end of the relevant period or financial year-end respectively. The Directors are of the view that following the reporting requirements under the Main Board Listing Rules will provide investors and the Shareholders with a high degree of transparency and a more complete picture of the performance of the Group during the relevant period. The Directors also believe that the cessation of quarterly reporting would save significant publishing costs and other related expenses, and enable management to devote greater management time to other key aspects of the operation of the Company's business.

REASONS FOR THE PROPOSED WITHDRAWAL AND THE PROPOSED INTRODUCTION

The Group is principally engaged in the sale of LPG to bulk and retail sales customers, the construction of gas pipelines, the provision of piped gas and the sale of household gas products in the PRC. Since the listing of the Shares on GEM in April 2001, the Group has experienced significant growth and has established strong market positions in each of its primary business segments. Nevertheless, the Directors believe that the listing of the Shares on the Main Board will help to enhance the profile of the Group and increase the trading liquidity of the Shares. The Directors consider that the listing of the Shares on the Main Board will be beneficial to the future growth, financing flexibility and business development of the Company. No change in the business of the Group is contemplated by the Directors following the Proposed Introduction.

The Proposed Introduction will involve no issue of new Shares by the Company.

EXPECTED TIMETABLE

The expected timetable for the Proposed Withdrawal and the Proposed Introduction is set out below:

Despatch of the Circular, the EGM Notice and related forms of proxy to the Shareholders	Friday, November 4, 2005
Despatch of the Listing Document to the Shareholders	Friday, November 4, 2005
Latest time for lodgement of related forms of proxy for the EGM	10:00 a.m. on Saturday, November 26, 2005
EGM	10:00 a.m. on Monday, November 28, 2005
Date of the announcement of results of the EGM which are to be published in The Standand (in English), Hong Kong Economic Times (in Chinese) and on the GEM website	Tuesday, November 29, 2005
Last day of dealings in the Shares on GEM	Wednesday, December 7, 2005
Withdrawal of listing of the Shares on GEM effective from	9:30 a.m. on Thursday, December 8, 2005
Dealings in the Shares on the Main Board to commence on	9:30 a.m. on Thursday, December 8, 2005

WAIVERS FROM STRICT COMPLIANCE WITH RULES 10.07 AND 10.08 OF THE MAIN BOARD LISTING RULES

In connection with the Proposed Introduction, the Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the restrictions on further issues of securities within six months of listing on the Main Board as required by Rule 10.08 of the Main Board Listing Rules and a consequential waiver from strict compliance with the restrictions under Rule 10.07 of the Main Board Listing Rules in respect of the deemed disposal of Shares by the controlling Shareholders upon the issue of securities by the Company within six months of listing on the Main Board and subject to the following conditions:

- (i) any issue of Shares (or convertible securities) during the first six months after listing on the Main Board must be either for cash to fund a specific acquisition or as part or full consideration for any acquisition; and
- (ii) the acquisition must be for assets or business(es) that will contribute to the growth of the operations of the Group.

Save and except for the deemed disposal of Shares by the controlling shareholders of the Company upon the issue of securities by the Company, the controlling shareholders have confirmed that they will comply with the restrictions on the disposal of securities under Rule 10.07 of the Main Board Listing Rules.

The Company has applied to the Stock Exchange for waivers from strict compliance with Rules 10.07 and 10.08 of the Main Board Listing Rules for the following reasons:

- (i) the Company will not raise any new funds pursuant to the Proposed Introduction. Therefore, the Shareholders would not suffer any dilution of their interests as a result of the Company's listing on the Main Board;
- (ii) when the Shares were listed on GEM in April 2001, Sinolink owned approximately 77.96% of the Company's issued share capital. As at the Latest Practicable Date, Sinolink, through its 74.79% owned subsidiary Enerchina, owned indirectly approximately 60.57% of the Company's issued share capital, thus demonstrating that Sinolink, as a controlling shareholder, has not been actively disposing of the Shares; and
- (iii) the interests of the Shareholders are protected since any further issue of Shares by the Company would be subject to Shareholders' approval as required under Rule 13.36 of the Main Board Listing Rules.

FINANCIAL INFORMATION ON THE GROUP

Liquidity and capital resources

The Group's primary cash requirements are to fund capital expenditures, including investments in acquired businesses, and to finance working capital requirements. Historically, the Group has funded its operations through operating cash flows, the proceeds of the Company's HK\$100 million convertible note issued to Supreme All (then a wholly owned subsidiary of Sinolink) in 2001, proceeds from the Company's Share placing in 2001, proceeds from the Convertible Bonds issued in 2003, proceeds from the Company's HK\$620.8 million Share placing in 2004, bank borrowings and other loans. Current sources of liquidity to meet funding needs include operating cash flows, cash on hand, proceeds from the Convertible Bonds, proceeds from the Guaranteed Senior Notes and bank borrowings.

The following table presents selected cash flow data from the Group's consolidated cash flow statements for the three years ended December 31, 2002, 2003 and 2004 and the six months ended June 30, 2004 and 2005.

Cash flow data

	Year ended December 31			Six months ended June 30	
	2002	2003	2004	2004	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net cash from (used in) operating activities	55,731	114,955	125,137	(18,866)	38,061
Net cash used in investing activities	(127,039)	(211,310)	(499,422)	(165,727)	(767,273)
Net cash before financing activities.	(71,308)	(96,355)	(374,285)	(184,593)	(729,212)
Net cash from (used in) financing activities	26,750	356,025	2,117,208	682,070	(21,978)
Cash and cash equivalents	98,224	356,809	2,096,553	854,286	1,344,219

Operating leases

As of June 30, 2005 the Group had commitments of HK\$30.1 million for future minimum lease payments in respect of property, plant and equipment under non-cancellable operating leases, of which HK\$5.2 million, HK\$11.2 million and HK\$13.7 million related to operating leases falling due within one year, in the second to fifth years inclusive and over five years, respectively. The Group has no finance leases.

Capital commitments

At June 30, 2005, Group had contractual capital commitments of approximately HK\$34.5 million, being the amount payable for the acquisition of interests in Anshan Panva. As at the Latest Practicable Date, the Group had contractual capital commitments of approximately HK\$220.1 million, being the amounts payable for the acquisition of interests in Anshan Panva and capital contribution for Shandong Panva. The expected source of funding for such capital commitments is existing cash resources of the Group.

The Group also expects to have additional capital expenditures of approximately RMB500 million for 2005, consisting principally of amounts to be paid for the potential acquisition of new operating subsidiaries and other equity interests, which it anticipates will be largely met out of existing cash resources, including primarily proceeds from the issuance of the Guaranteed Senior Notes. The additional projects to be acquired or invested in consist of certain piped gas projects and LPG (bulk and cylinder) projects. The acquisitions or investments with respect to these additional projects are still in negotiation. The Group has not yet agreed or proposed to acquire any of these additional projects.

Indebtedness

Borrowings

As of December 31, 2002, 2003 and 2004 and the six months ended June 30, 2005, and as of the close of business on August 31, 2005, being the latest practicable date for the purpose of indebtedness, the Group had the following outstanding interest bearing borrowings:

	<u>As of December 31</u>			<u>As of June 30</u>	<u>As of August 31</u>
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2005</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u> (unaudited)
Short-term loans					
Secured bank loans	2,438	30,992	26,941	26,333	25,096
Unsecured bank loans	12,161	1,310	1,544	—	—
Unsecured other loans	—	224	935	9,355	9,597
Total	<u>14,599</u>	<u>32,526</u>	<u>29,420</u>	<u>35,688</u>	<u>34,693</u>
Long-term loans					
Secured bank loans	—	1,871	—	—	—
Unsecured bank loans	—	3,929	17,306	—	—
Unsecured other loans	—	748	—	2,152	2,207
Convertible note	95,411	—	—	—	—
Convertible Bonds	—	323,666	329,911	332,835	357,723
Guaranteed Senior Notes	—	—	1,524,710	1,526,428	1,527,022
Total	<u>95,411</u>	<u>330,214</u>	<u>1,871,927</u>	<u>1,861,415</u>	<u>1,886,952</u>
	<u>110,010</u>	<u>362,740</u>	<u>1,901,347</u>	<u>1,897,103</u>	<u>1,921,645</u>

As at the close of business on August 31, 2005 being the latest practicable date for the purpose of indebtedness, the Group had banking facilities which have not been utilised which have not been utilised of approximately RMB663.8 million, of which approximately RMB56.1 million were secured by fixed assets and approximately RMB663.8 million were guaranteed by the Company.

Contractual obligations

The following table sets out the Group's contractual obligations as of August 31, 2005. The Group expects to fund such contractual obligations principally from internal resources.

	Payments due by period			
	Total	Less than	1-5 years	More than
	HK\$'000	1 year	HK\$'000	5 years
Total debt obligations.....	1,921,645	34,693	359,930	1,527,022
Operating lease obligations	<u>28,244</u>	<u>5,430</u>	<u>10,264</u>	<u>12,550</u>
Total	<u>1,949,889</u>	<u>40,123</u>	<u>370,194</u>	<u>1,539,572</u>

The Group's total debt obligations consist mainly of the Guaranteed Senior Notes (HK\$1,527.0 million) and the Convertible Bonds (HK\$357.7 million).

Disclaimers

Save as otherwise disclosed herein or in the Listing Document, and apart from intra-group liabilities, the Group did not have any outstanding loan capital issued and outstanding or agreed to be issued, bank overdrafts, charges or debentures, mortgages, loans, or other similar indebtedness or any finance lease commitments, hire purchase commitments, liabilities under acceptances (other than normal trade bills) or acceptance credits or any guarantees or other material contingent liabilities outstanding as at August 31, 2005.

Working capital

The Directors are of the opinion that after taking into account the existing financial resources available to the Group and the expected internally generated funds, the Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of the Listing Document.

Net tangible assets attributable to equity holders of parent

The following statement shows the Group's net tangible assets attributable to equity holders of parent as at June 30, 2005 as extracted from the accountants' report of the Group set out in Appendix I to the Listing Document.

Audited net tangible assets attributable to equity holders of parent as at	
June 30, 2005 (<i>Note 1</i>)	<u>HK\$1,417,750,000</u>
Audited net tangible asset value per Share (<i>Note 2</i>)	<u>HK\$ 1.50</u>

Notes:

1. The intangible assets not accounted in the net tangible assets include the carrying value of intangible assets, goodwill and goodwill on acquisition of an associate as set out in the accountants' report of the Group in Appendix I to the Listing Document.
2. The audited net tangible asset value per Share is calculated on the basis of 942,250,891 Shares in issue as at June 30, 2005.

ADOPTION OF THE PROPOSED SHARE OPTION SCHEME AND TERMINATION OF THE NEW GEM SHARE OPTION SCHEME

In connection with the Proposed Introduction, the Directors propose to the Shareholders the adoption of the Proposed Share Option Scheme, the provisions of which will comply with the requirements of Chapter 17 of the Main Board Listing Rules. A summary of the principal terms of the Proposed Share Option Scheme is set out in Appendix I to the Circular. The Directors believe that by offering Options to the Participants under the flexible terms under the Proposed Share Option Scheme, in particular that there is no minimum period for which an Option must be held before it can be exercised, no performance target is needed to be achieved by the Participants before Options can be exercised and the Subscription Price will be determined with reference to the market value of the Shares, so that the Participants may exercise their Options at any time within the option period to acquire a monetary gain or ownership interest in the Company which may in turn achieve the purpose of the Proposed Share Option Scheme as set out in Appendix I to the Circular.

The Company has applied to the Listing Committee for the listing of, and permission to deal in, on the Main Board, any Shares which may be issuable upon the exercise of any Options which may be granted under the Proposed Share Option Scheme.

The adoption of the Proposed Share Option Scheme is conditional upon:

- (i) the passing of ordinary resolutions by the Shareholders at the EGM and by the respective shareholders of Sinolink and Enerchina at their respective general meetings approving the termination of the New GEM Share Option Scheme;
- (ii) the passing of an ordinary resolution approving the adoption of the Proposed Share Option Scheme by the Shareholders at the EGM and by the shareholders of Sinolink and Enerchina at their respective general meetings and authorizing the Directors to grant options thereunder and to allot, issue and deal with Shares pursuant to the exercise of any Options to be granted pursuant to the Proposed Share Option Scheme; and
- (iii) the Listing Committee granting approval of the listing of, and permission to deal in, on the Main Board for any Shares which may be issued pursuant to the exercise of options pursuant to the Proposed Share Option Scheme.

It is proposed that subject to the approval of the Shareholders at the EGM and the approvals by the shareholders of Sinolink and Enerchina at their respective general meetings for the adoption of the Proposed Share Option Scheme, the New GEM Share Option Scheme will be terminated upon the adoption of the Proposed Share Option Scheme after all the conditions have been fulfilled.

As at the Latest Practicable Date, no option had been granted to subscribe for Shares pursuant to the New GEM Share Option Scheme and the Board confirms that prior to the EGM, it will not grant any options under the New GEM Share Option Scheme. Upon termination of the New GEM Share Option Scheme, no further options may be offered under the New GEM Share Option Scheme. Besides the New GEM Share Option Scheme, there was no other subsisting share option scheme of the Company as at the Latest Practicable Date.

As at the Latest Practicable Date, the issued share capital of the Company comprised 942,250,891 Shares. Assuming that there is no change in the issued share capital of the Company between the period from the Latest Practicable Date and the date of adoption of the Proposed Share Option

Scheme, the number of Shares issuable pursuant to the Proposed Share Option Scheme and any other share option schemes of the Company on the date of adoption of the Proposed Share Option Scheme will be 94,225,089 Shares, representing approximately 10% of the total number of Shares in issue as at the date of approval of the Proposed Share Option Scheme.

The Board considers it inappropriate to state the value of the options as if they had been granted pursuant to the Proposed Share Option Scheme on the Latest Practicable Date given that a number of variables which are necessary for the calculation of the value of the options cannot be ascertained at this stage. Such variables include the exercise price, exercise period, interest rate, expected stock price volatility and other relevant variables. The Board believes that any calculation of such value of any options on the Latest Practicable Date would be based on a number of speculative assumptions and would therefore not be meaningful but would instead be misleading to the Shareholders.

ADOPTION OF THE NEW ARTICLES

In connection with the Proposed Introduction and to remove references to GEM and to make other immaterial changes to the Existing Articles, the Board proposes to seek the approval of the Shareholders for the adoption of the New Articles in substitution of the Existing Articles at the EGM. The provisions of the New Articles will comply with the relevant requirements of the Main Board Listing Rules. A summary of the principal terms of the New Articles is set out in Appendix II to the Circular.

The adoption of the New Articles is conditional upon:

- (i) the passing of a special resolution by the Shareholders at the EGM to approve and adopt the New Articles in substitution of the Existing Articles; and
- (ii) the commencement of dealings in the Shares on the Main Board.

GENERAL MANDATES

The Directors are of the view that as the Existing General Mandates make specific references to GEM, in connection with the Proposed Introduction on the Main Board, ordinary resolutions will be proposed at the EGM to revoke the Existing General Mandates and to grant to the Directors the Share Issue Mandate and the Repurchase Mandate. Both the Share Issue Mandate and the Repurchase Mandate will expire upon the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws of the Cayman Islands to be held; or (iii) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors by the relevant resolutions. The relevant resolutions relating to the Share Issue Mandate and the Repurchase Mandate are set out as resolution Nos. 3 and 4 in the EGM Notice.

A further ordinary resolution will also be proposed at the EGM to add to the amount of Shares to be allotted and issued under the Share Issue Mandate by an amount representing the aggregate nominal amount of the share capital of the Company (up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the relevant resolution) to be repurchased under the Repurchase Mandate. The relevant resolution is set out as resolution No. 5 in the EGM Notice.

An explanatory statement containing all relevant information relating to the Repurchase Mandate is set out in Appendix III to the Circular. The information in the explanatory statement is to provide you with the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolution to grant to the Directors the Repurchase Mandate.

The Directors confirm that they have not exercised the Existing General Mandates to issue or repurchase Shares after they were granted to the Directors pursuant to resolutions passed at the annual general meeting of the Company held on April 26, 2005 and that they have no present intention to exercise the Existing General Mandates prior to the Proposed Introduction.

THE EGM

The EGM is convened to be held at 28th Floor, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong on November 28, 2005 at 10:00 a.m. or any adjournment thereof, at which ordinary resolutions will be proposed to consider and, if thought fit, approve, amongst other things, the following:

- (i) the Proposed Withdrawal;
- (ii) the proposed reduction in the notice period for the Proposed Withdrawal;
- (iii) the proposed termination of the New GEM Share Option Scheme;
- (iv) the proposed adoption of the Proposed Share Option Scheme;
- (v) the proposed revocation of the Existing General Mandates; and
- (vi) the proposed granting of the Share Issue Mandate and the Repurchase Mandate to the Directors.

In addition, a special resolution will be proposed at the EGM to consider and, if thought fit, approve the New Articles in substitution of the Existing Articles.

RECOMMENDATION

The Board considers that the Proposed Withdrawal, the proposed reduction in the notice period for the Proposed Withdrawal, the proposed termination of the New GEM Share Option Scheme, the proposed adoption of the Proposed Share Option Scheme, the proposed revocation of the Existing General Mandates, the proposed granting of the Share Issue Mandate and the Repurchase Mandate and the proposed adoption of the New Articles in substitution of the Existing Articles, to be in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of all the ordinary and special resolutions to be proposed at the EGM.

DEFINITIONS

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

“Anshan Panva”	鞍山市煤氣總公司 (Anshan City Gas Company*), a PRC state-owned enterprise which will be restructured to become a sino-foreign equity joint venture company incorporated in the PRC with limited liability 鞍山市百江燃氣有限公司 (Anshan Panva Gas Co., Ltd.*) and owned indirectly as to 81% by the Company after completion of the transfer agreement dated March 22, 2005 between 百江投資有限公司 (Panriver Investments Company Limited*) and 鞍山市公用事業管理局 (Anshan City Public Utilities Management Bureau*)
“Board”	the board of Directors
“Business Day”	a day on which licensed banks are open for business in Hong Kong and the Stock Exchange is open for business of dealing in securities
“Circular”	the circular to the Shareholders to be despatched by the Company on November 4, 2005
“Company”	Panva Gas Holdings Limited (百江燃氣控股有限公司*), a company incorporated with limited liability in the Cayman Islands on November 16, 2000 and whose shares are listed on GEM
“controlling shareholder(s)”	has the meaning given to it by the Main Board Listing Rules
“Convertible Bonds”	the US\$50 million convertible bonds issued by the Company, due 2008, further details of which are set out in the section headed “Financial Information — Indebtedness — Convertible Bonds” in the Listing Document and in the section headed “I. Convertible Bonds” in Appendix VI to the Listing Document
“Director(s)”	the director(s) of the Company
“Effective Date”	expected to be on December 8, 2005, the date on which the Proposed Withdrawal and the Proposed Introduction become effective
“EGM”	an extraordinary general meeting of the Company to be held at 28th Floor, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong on November 28, 2005 at 10:00 a.m. or any adjournment thereof
“EGM Notice”	the notice convening the EGM, which is set out in the Circular
“Enerchina”	Enerchina Holdings Limited (威華達控股有限公司*) (stock code: 622), a company incorporated with limited liability on July 26, 1991 in Bermuda and whose shares are listed on the Main Board
“Existing Articles”	the existing articles of association of the Company as amended, supplemented or modified from time to time

“Existing General Mandates”	the general mandates to issue Shares and repurchase Shares granted to the Directors pursuant to resolution nos. 3 and 4 respectively passed at the annual general meeting of the Company held on April 26, 2005
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended from time to time
“Grantee”	any Participant who accepts an offer of the grant of an Option made by the Board in accordance with the terms of the Proposed Share Option Scheme or (where the context so permits) a person who is entitled to any such Option in consequence of the death of such Participant
“Group”	the Company and its subsidiaries (as defined in the GEM Listing Rules)
“Guaranteed Senior Notes”	the guaranteed senior notes in the aggregate principal amount of US\$200 million issued by the Company on September 23, 2004 and due 2011 and jointly arranged by Merrill Lynch International and Morgan Stanley & Co. International Limited, further details of which are set out in the section headed “Financial Information - Indebtedness - Guaranteed Senior Notes” in the Listing Document
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Kenson”	Kenson Investment Limited, a company incorporated in the British Virgin Islands with limited liability on October 17, 2000 and a wholly-owned subsidiary of Enerchina
“Kenson Note”	HK\$62,500,000 exchangeable redeemable note issued by Kenson to Hutchison International Limited, a wholly-owned subsidiary of Hutchison Whampoa Limited, on November 1, 2004 which is exchangeable into the existing issued Shares held by Kenson at the exercise price of HK\$3.25 per Share (subject to adjustment), further details of which are set out in the section headed “II. Kenson Note” in Appendix VI to the Listing Document
“Latest Practicable Date”	November 1, 2005, being the latest practicable date prior to the printing of the Circular for the purpose of ascertaining certain information contained in the Circular
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Document”	the listing document dated November 4, 2005 to be issued by the Company in connection with the Proposed Introduction
“LPG”	liquefied petroleum gas

“Main Board”	the stock market operated by the Stock Exchange prior to the establishment of GEM (excluding the options market) which stock market continues to be operated by the Stock Exchange in parallel with GEM. For the avoidance of doubt, the Main Board excludes GEM
“Main Board Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time and any applicable practice notes, supplementary guidance or other regulations issued by the Stock Exchange
“New Articles”	the new articles of association proposed to be adopted at the EGM, a summary of the principal terms of which is set out in Appendix II to the Circular
“New GEM Share Option Scheme”	the share option scheme adopted by the Company pursuant to a resolution passed by the Shareholders on April 26, 2005
“Offer”	the offer of the grant of an Option made by the Board in accordance with the terms of the Proposed Share Option Scheme
“Old GEM Share Option Scheme”	the share option scheme adopted by the Company pursuant to a resolution passed by the then sole Shareholder on April 4, 2001 for the benefit of directors or employees of the Company or its subsidiaries and which was terminated by the Shareholders at the annual general meeting of the Company held on April 26, 2005
“Option”	a right to subscribe for Shares pursuant to the terms of the Proposed Share Option Scheme
“Participant(s)”	any (i) employee (whether full-time or part-time) of the Company or any of its subsidiaries or associated companies; (ii) chief executive, director (whether executive director or non-executive director or independent non-executive director) of the Company or any of its subsidiaries or associated companies; (iii) supplier of goods and/or services to the Company or any of its subsidiaries or associated companies; (iv) customer of the Company or any of its subsidiaries or associated companies; (v) person or entity that provides research, development or other technical support to the Company or any of its subsidiaries or associated companies; (vi) consultant or adviser (technological, technical, financial, legal or otherwise) engaged by the Company or any of its subsidiaries or associated companies; and (vii) joint venture partner or counterparty to any business operation or business arrangements of the Company or any of its subsidiaries or the associated companies provided that the Board shall have the absolute discretion to determine whether one falls within the aforesaid categories
“PRC”	the People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Pre-GEM Listing Share Option Scheme”	the share option scheme adopted by the Company pursuant to a resolution passed by its then sole Shareholder on April 4, 2001 for the benefit of certain directors and employees of members of the Group and members of Sinolink Group which lapsed before listing of the Shares on GEM on April 20, 2001
“Proposed Introduction”	the proposed listing of the Shares on the Main Board by way of introduction pursuant to the Main Board Listing Rules
“Proposed Share Option Scheme”	the proposed share option scheme to be conditionally adopted at the EGM, a summary of the principal terms of which is set out in Appendix I to the Circular
“Proposed Withdrawal”	the proposed voluntary withdrawal of the listing of the Shares on GEM
“Repurchase Mandate”	a general mandate proposed to be granted to the Directors to exercise the power of the Company to repurchase Shares up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of the relevant ordinary resolution as set out in the EGM Notice
“RMB”	Renminbi, the lawful currency of the PRC
“Shandong Panva”	山東百江燃氣有限公司 (Shandong Panva Gas Co., Ltd.*), a sino-foreign equity joint venture company to be incorporated in the PRC with limited liability and owned indirectly as to 48% by the Company after completion of the joint venture agreement dated August 16, 2005 entered into between 百江投資有限公司 (Panriver Investments Co., Ltd.*), 濟南市煤氣公司 (Jinan City Gas Company*) and 深圳市華信聯投資有限公司 (Shenzhen Huaxinlian Investment Co., Ltd*)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Issue Mandate”	a general mandate proposed to be granted to the Directors to allot, issue and otherwise deal with Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of the relevant ordinary resolution as set out in the EGM Notice
“Sinolink”	Sinolink Worldwide Holdings Limited (百仕達控股有限公司*) (stock code: 1168), a company incorporated in Bermuda with limited liability on December 15, 1997 and whose shares are listed on the Main Board
“Sinolink Group”	save for the Group, Sinolink, its subsidiaries and its associated companies

“Sponsor”	Merrill Lynch (Asia Pacific) Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

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

Hong Kong, November 4, 2005

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
SHEN Lian Jin
ZHANG Keyu

Non-executive Directors

FOK Kin-ning, Canning
TO Chi Keung, Simon
(*alternate Director to FOK Kin-ning, Canning*)

Independent non-executive Directors

CHEUNG Hon Kit
GE Ming
LI Xiao Ru

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, 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.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting.

* *For identification purpose only*