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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 a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Gas Holdings Limited (the “Company”), you should at once hand this circular and the accompanying proxy form to the purchaser or the transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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APPOINTMENT OF AND SPECIAL PAYMENTS TO SENIOR EXECUTIVES ELECTION OF MR. LIU MING HUI AS EXECUTIVE DIRECTOR SPECIAL PAYMENT TO CHAIRPERSON AND NOTICE OF SPECIAL GENERAL MEETING

A notice of the SGM to be held at Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Monday, 10 September 2012 at 10:00 a.m. is set out on page 15 to page 17 of this circular. A form of proxy for use by the Shareholders at the SGM is enclosed with this circular. Whether or not you intend to attend and vote at the SGM in person, you are requested to complete the form of proxy enclosed with this circular in accordance with the instructions printed thereon and return it to the Company's branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as practicable but in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM should you so wish and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

24 August 2012

* For identification purposes only

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DEFINITIONS

In this circular, the following words and expressions shall, unless the context otherwise requires, have the following respective meanings:

“Appointments”	the appointment of certain senior executives of the Company as described in this circular
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company
“CFO”	the Chief Financial Officer of the Company
“Chairperson’s Special Payment”	a special payment to Ms. Wong in the amount of HK\$210,000 per month during the period commencing on 3 March 2011, the date on which she was appointed as Chairperson of the Company, and ending on the earliest of: (i) the date of the SGM; (ii) the day immediately after the Offerors inform the Company, or announce that, they do not intend to proceed with the Offer; or (iii) the day immediately after the Offer lapses
“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 (stock code: 384)
“Directors”	the directors of the Company
“Effective Date”	the effective date of each of the Employment Contracts, being the earliest of: (i) the day on which each Employment Contract is approved by the Shareholders at the SGM; (ii) the day immediately after the Offerors inform the Company, or announce, that they do not intend to proceed with the Offer; or (iii) the day immediately after the Offer lapses
“Employment Contracts”	the employment contracts entered into between the Company and each of the relevant senior executives of the Company all dated 17 August 2012 in respect of the Appointments; each an “Employment Contract”
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Interim Period”	the period commencing on (i) 23 December 2010 in the cases of Mr. Leung and Mr. Zhu; (ii) 28 January 2011 in the case of Mr. Pang; and (iii) 1 March 2011 in the case of Mr. Ma, being the date on which the relevant executives assumed additional duties and responsibilities and ending on the date of the SGM
“Latest Practicable Date”	21 August 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LPG”	liquefied petroleum gas
“Mr. Huang”	Mr. Huang Yong
“Mr. Kim”	Mr. Kim Yong Joong
“Mr. Leung”	Mr. Leung Wing Cheong, Eric
“Mr. Liu”	Mr. Liu Ming Hui
“Mr. Ma”	Mr. Ma Jinlong
“Mr. Pang”	Mr. Pang Yingxue
“Mr. Zhu”	Mr. Zhu Weiwei
“Ms. Wong”	Ms. Wong Sin Yue, Cynthia
“Offer”	the unsolicited pre-conditional voluntary cash offer made by the Offerors to acquire all of the outstanding shares in the issued share capital of the Company (other than those already held by the Offerors or parties acting in concert (as defined in the Takeovers Code) with them) and to cancel all of the outstanding options of the Company
“Offerors”	ENN Energy Holdings Limited and China Petroleum & Chemical Corporation
“PRC”	People’s Republic of China but excluding, for the purpose of this circular, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

DEFINITIONS

“Remuneration Committee”	the Remuneration Committee of the Company, comprising Ms. Wong, Mr. Zhao Yuhua, Dr. Mao Erwan and Mr. Pang
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	the holders of the Shares
“Share Option Scheme”	the share option scheme of the Company adopted on 6 February 2003
“Special General Meeting” or “SGM”	the special general meeting of the Company to be held at Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Monday, 10 September 2012 at 10:00 a.m. or at any adjournment thereof
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers

LETTER FROM THE BOARD



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. LEUNG Wing Cheong, Eric (*Joint Managing Director*)
Mr. PANG Yingxue (*Joint Managing Director*)
Mr. ZHU Weiwei
Mr. MA Jinlong

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Non-executive Directors:

Mr. LIU Ming Hui
Mr. FENG Zhuozhi
Mr. Jo YAMAGATA
Mr. P K JAIN
Mr. MOON Duk Kyu
Mr. KIM Yong Joong (*alternate to Mr. MOON Duk Kyu*)

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

16th Floor
AXA Centre
151 Gloucester Road
Wanchai
Hong Kong

Independent non-executive Directors:

Mr. ZHAO Yuhua
Dr. MAO Erwan
Ms. WONG Sin Yue, Cynthia (*Chairperson*)

24 August 2012

To the Shareholders

Dear Sir/Madam,

**APPOINTMENT OF AND SPECIAL PAYMENTS TO SENIOR EXECUTIVES
ELECTION OF MR. LIU MING HUI AS EXECUTIVE DIRECTOR
SPECIAL PAYMENT TO CHAIRPERSON
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 17 August 2012 in relation to the appointment of certain senior executives and the making of the Chairperson's Special Payment. The purpose of this circular is to give you information regarding the Appointments, the election of Mr. Liu as an executive Director and the Chairperson's Special Payment to enable you to make an informed decision on whether to vote for or against the resolutions proposed to be passed at the SGM.

* For identification purposes only

LETTER FROM THE BOARD

APPOINTMENT OF AND SPECIAL PAYMENTS TO SENIOR EXECUTIVES

On 14 August 2012, the Board approved the appointment of the following senior executives of the Company:

1. Appointment of Mr. Liu as Managing Director and President of the Company. The Board had recently approved the appointment of Mr. Liu as a non-executive Director to fill a casual vacancy on the Board, and such appointment took effect on 17 August 2012. Please refer to section C in the Appendix for the biographical details of Mr. Liu. Upon his Employment Contract and his election by the Shareholders as an executive Director taking effect, Mr. Liu will become an executive Director.
2. Appointment of Mr. Leung as Deputy Managing Director and CFO. Upon this appointment becoming effective, the current appointment of Mr. Leung as a Joint Managing Director of the Company will cease. Mr. Leung is currently an executive Director and CFO.
3. Appointment of Mr. Huang as Executive President of the Company. Mr. Huang, aged 49, was Executive President of the Company from 1 April 2005 to 30 April 2011. He is a graduate of Wuhan University in the Faculty of Law with a Master's Degree in International Law, and has held senior positions in the energy and environmental industry in the PRC.
4. Appointment of Mr. Pang as Deputy Executive President of the Company. Upon this appointment becoming effective, the current appointment of Mr. Pang as a Joint Managing Director of the Company will cease. Mr. Pang is currently an executive Director.
5. Appointment of Mr. Zhu as a Vice President of the Company. Mr. Zhu is currently an executive Director.
6. Appointment of Mr. Ma as a Vice President of the Company. Mr. Ma is currently an executive Director.
7. Appointment of Mr. Kim Yong Joong as a Vice President of the Company. Mr. Kim is currently an alternate Director to Mr. Moon Duk Kyu, a non-executive Director. Mr. Kim, aged 50, graduated from Korea University, Korea with a bachelor's degree in law in 1984. He joined SK Group, Korea in 1990, and is currently Vice President of the China Business Unit of SK E&S Co. Ltd. Mr. Kim is also the chief executive officer of China Gas – SK Energy Holdings Co. Ltd., a joint venture between the Company and SK E&S Co. Ltd. and SK Gas. Co., Ltd..

The Company entered into Employment Contracts with each of these senior executives on 17 August 2012 in respect of the Appointments. The Employment Contracts will take effect on the earliest of: (i) the date of the SGM; (ii) the day immediately after the Offerors inform the Company, or announce, that they do not intend to proceed with the Offer; or (iii) the day immediately after the Offer lapses. Please refer to sections A and B in the Appendix for the principal terms of the Employment Contracts between the Company and each of the above senior executives.

LETTER FROM THE BOARD

Under the respective Employment Contracts, each of Mr. Leung, Mr. Pang, Mr. Zhu and Mr. Ma is entitled to a special payment comprising: (i) a special monthly pay (“**Special Monthly Pay**”); and a special bonus (“**Special Bonus**”), for the additional duties and responsibilities that each of them has assumed since December 2010 or early 2011, respectively.

The Special Monthly Pay for Mr. Leung, Mr. Pang, Mr. Zhu and Mr. Ma is HK\$184,000, HK\$137,500, HK\$160,000 and HK\$93,400, respectively. Assuming that the SGM will be held on 10 September 2012, the aggregate Special Monthly Pay payable to Mr. Leung, Mr. Pang, Mr. Zhu and Mr. Ma will be approximately HK\$3,794,753, HK\$2,676,075, HK\$3,299,785 and HK\$1,712,333, respectively. The amount of the Special Bonus payable to Mr. Leung, Mr. Pang, Mr. Zhu and Mr. Ma will be HK\$4,000,000, HK\$3,000,000, HK\$2,000,000 and HK\$1,500,000, respectively.

ELECTION OF MR. LIU AS AN EXECUTIVE DIRECTOR

Pursuant to Bye-law 86(2) of the Bye-laws, Mr. Liu, being a director appointed by the Board to fill a casual vacancy on the Board, shall hold office only until the next following general meeting of the Company (i.e., the SGM). As such, the Board proposes an ordinary resolution to be passed at the SGM to elect Mr. Liu as an executive Director with effect from the date on which such resolution is passed. The biographical details of Mr. Liu are set out in section C in the Appendix. If the SGM is not convened for the reason mentioned in the section below headed “Implications under Rule 4 of the Takeovers Code”, Mr. Liu will become an executive Director upon his Employment Contract taking effect.

SPECIAL PAYMENT TO CHAIRPERSON

The Board also approved making a special payment to Ms. Wong in the amount of HK\$210,000 per month during the period commencing on 3 March 2011, the date on which she was appointed as Chairperson of the Company, and ending on the earliest of: (i) the date of the SGM; (ii) the day immediately after the Offerors inform the Company, or announce, that they do not intend to proceed with the Offer; or (iii) the day immediately after the Offer lapses, in consideration for the additional duties and responsibilities that Ms. Wong has assumed during this period. Details of these additional duties and responsibilities are set out in section D in the Appendix. Assuming that the SGM will be held on 10 September 2012, the aggregate amount of the Chairperson’s Special Payment will be HK\$3,836,452.

IMPLICATIONS UNDER RULE 4 OF THE TAKEOVERS CODE

The Company is currently the subject of the Offer. Under Rule 4 of the Takeovers Code, once a bona fide offer has been communicated to the board of an offeree company or the board of an offeree company has reason to believe that a bona fide offer may be imminent, no action which could effectively result in an offer being frustrated, or in the shareholders of the offeree company being denied an opportunity to decide on the merits of an offer, shall be taken by the board of the offeree company in relation to the affairs of the company without the approval of the shareholders in general meeting. The entry into the Employment Contracts, including the payment of the Special Monthly Pay and Special Bonus thereunder, and the making of the Chairperson’s Special Payment are regarded as frustrating actions of the Company under Rule 4 of the Takeovers Code, and are, therefore, subject to the shareholders’ approval requirements under Rule 4 of the Takeovers Code.

LETTER FROM THE BOARD

The Company will convene the SGM to approve, among other things, the entry into the Employment Contracts and the making of the Chairperson's Special Payment. However, if the Company ceases to be subject to the Offer before the date of the SGM for any reason, the entry into the Employment Contracts and the making of the Chairperson's Special Payment will cease to be frustrating actions under Rule 4 of the Takeovers Code. In that case, the Company will not convene the SGM to obtain the shareholders' approval for the entry into the Employment Contracts and the making of the Chairperson's Special Payment. A further announcement will be made by the Company in this regard as appropriate.

SPECIAL GENERAL MEETING

A notice of the SGM is set out on pages 15 to 17 of this circular. The SGM is being convened for the purposes of considering and, if thought fit, passing the ordinary resolutions set out in the notice of the SGM to approve the entry into the Employment Contracts, the election of Mr. Liu as an executive Director and the making of the Chairperson's Special Payment.

A form of proxy for use at the SGM is enclosed herewith. To be valid, the form of proxy must be completed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney or authority, at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the SGM should you so wish and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

VOTING BY WAY OF POLL

As at the Latest Practicable Date, Mr. Liu was deemed to be interested in a total of 936,550,000 Shares under Part XV of the SFO, comprising: (i) 309,104,000 Shares beneficially owned by him (of which he is interested in 100,000,000 Shares by way of derivative interests, which represent Mr. Liu's entitlement to subscribe for 100,000,000 Shares upon exercise of the options granted to him under the Share Option Scheme); (ii) 419,478,000 Shares held by China Gas Group Limited ("CGGL"), which is owned as to 50% by Mr. Liu indirectly and as to 50% by Fortune Oil PRC Holdings Limited; and (iii) 207,968,000 Shares held by Fortune Max Holdings Limited, which is a party to an agreement under section 317 of the SFO with CGGL. Mr. Liu, parties acting or presumed to be acting in concert with him and his associates will abstain from voting in relation to his Employment Contract at the SGM.

As at the Latest Practicable Date, Mr. Leung was deemed to be interested in 13,622,000 Shares under Part XV of the SFO, comprising: (i) 2,622,000 Shares held by him and (ii) 11,000,000 Shares by way of derivative interests, which represent Mr. Leung's entitlement to subscribe for 11,000,000 Shares upon exercise of the options granted to him under the Share Option Scheme. Mr. Leung, parties acting or presumed to be acting in concert with him and his associates will abstain from voting in relation to his Employment Contract at the SGM.

LETTER FROM THE BOARD

As at the Latest Practicable Date, Mr. Pang held 400,000 Shares. Mr. Pang, parties acting or presumed to be acting in concert with him and his associates will abstain from voting in relation to his Employment Contract at the SGM.

As at the Latest Practicable Date, Mr. Zhu was deemed to be interested in 8,000,000 Shares under Part XV of the SFO by way of derivative interests, which represent Mr. Zhu's entitlement to subscribe for 8,000,000 Shares upon exercise of the options granted to him under the Share Option Scheme. If any of these options are exercised before the SGM, Mr. Zhu, parties acting or presumed to be acting in concert with him and his associates will abstain from voting in relation to his Employment Contract at the SGM.

As at the Latest Practicable Date, Mr. Ma was deemed to be interested in 5,062,711 Shares under Part XV of the SFO, comprising: (i) 1,062,711 Shares held by him and (ii) 4,000,000 Shares by way of derivative interests, which represent Mr. Ma's entitlement to subscribe for 4,000,000 Shares upon exercise of the options granted to him under the Share Option Scheme. Mr. Ma, parties acting or presumed to be acting in concert with him and his associates will abstain from voting in relation to his Employment Contract at the SGM.

As at the Latest Practicable Date, Ms. Wong was deemed to be interested in 4,000,000 Shares under Part XV of the SFO, comprising: (i) 1,000,000 Shares held by her and (ii) 3,000,000 Shares by way of derivative interests, which represent Ms. Wong's entitlement to subscribe for 3,000,000 Shares upon exercise of the options granted to her under the Share Option Scheme. Ms. Wong, parties acting or presumed to be acting in concert with her and her associates will abstain from voting in relation to the Chairperson's Special Payment at the SGM.

Save as disclosed above, no other Shareholder is required to abstain from voting at the SGM. Pursuant to Rule 13.39(4) of the Listing Rules, all votes of Shareholders at the SGM will be taken by poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

RECOMMENDATION

The Directors believe that the terms of the Employment Contracts are in-line with the market compensation level for comparable positions in Hong Kong listed companies in the gas and utilities industry and are commensurate with the duties and responsibilities assumed by the relevant senior executives and, for the Interim Period, their additional contributions to the Group during that period. Details of these duties and responsibilities and additional contributions are set out in section A in the Appendix.

Based on the above factors, the Remuneration Committee considers that the terms of the Employment Contracts and the Chairperson's Special Payment are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and recommends that you vote in favour of the ordinary resolutions to be proposed at the SGM.

In making this consideration and recommendation, only Mr. Zhao Yuhua and Dr. Mao Erwan, who are independent non-executive Directors, participated in the relevant Remuneration Committee meeting. Ms. Wong and Mr. Pang, who have a material interest in the Chairperson's Special Payment and Mr Pang's Employment Contract, respectively, did not participate in the meeting.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement herein misleading.

Yours faithfully,

On behalf of the Board

CHINA GAS HOLDINGS LIMITED

WONG Sin Yue, Cynthia

Chairperson

A. REMUNERATION TERMS OF THE INDIVIDUAL EMPLOYMENT CONTRACTS

Detailed remuneration terms of the Employment Contracts of each senior executive are set out below:

							Special Monthly Pay during the Interim Period (Note 1) HK\$	Special Bonus during Interim Period (Note 2) HK\$
	Name of the Senior Executive	New Title	New Monthly Salary HK\$	Existing/ Old Monthly Salary HK\$	New Year-end Bonus	Existing/ Old Year-end Bonus		
1	Mr. Liu	Managing Director and President of the Company	300,000	600,000	Discretionary	4% of the net profit after tax of the Company	–	–
2	Mr. Leung (Note 3)	Deputy Managing Director and Chief Financial Officer of the Company	300,000	216,000	Discretionary	–	184,000	4,000,000
3	Mr. Huang	Executive President of the Company	300,000	300,000	Discretionary	2% of the net profit after tax of the Company	–	–
4	Mr. Pang (Note 4)	Deputy Executive President of the Company	300,000	162,500	Discretionary	–	137,500	3,000,000
5	Mr. Zhu (Note 5)	Vice President of the Company	200,000	40,000	Discretionary	–	160,000	2,000,000
6	Mr. Ma (Note 6)	Vice President of the Company	200,000	56,600	Discretionary	–	93,400	1,500,000
7	Mr. Kim (Note 7)	Vice President of the Company	200,000	61,500	Discretionary	–	–	–

Notes:

1. This refers to the additional monthly pay to be made to the relevant senior executives for the additional duties and responsibilities that they have assumed during the Interim Period. If the SGM is to be held on 10 September 2012, the aggregate Special Monthly Pay payable to Mr. Leung, Mr. Pang, Mr. Zhu and Mr. Ma will be approximately HK\$3,794,753, HK\$2,676,075, HK\$3,299,785 and HK\$1,712,333, respectively.

2. This refers to the bonus payment to be made to the relevant senior executives for the additional duties and responsibilities that they assumed during the period starting from 23 December 2010 for Mr. Leung and Mr. Zhu, 28 January 2011 for Mr. Pang and 1 March 2011 for Mr. Ma, in each case up to 31 March 2012 (being the Company's last financial year-end date). Such bonus payment is in line with the Company's past practice. The relevant senior executives either did not receive, or received only part of the bonus payment for the financial year ended 31 March 2011.
3. In his role as CFO, Mr. Leung assumed the responsibilities generally expected of a chief financial officer of a listed company, including: (i) the general financial and accounting management of the Group; (ii) handling all the fundraising activities of the Group, both bank financing and capital markets financing; (iii) establishing and running the investor relations department of the Group, responsible for both the investor relations and public relations activities of the Group; (iv) establishing and running the international business department of the Group, responsible for all the international cooperation and joint venture activities of the Group; and (v) acting as the representative of the Group in dealing with the regulatory authorities in Hong Kong (together, the **"CFO Duties"**).

Following his appointment as Joint Managing Director, Mr. Leung became the president of the Group and continued to be the CFO, and in addition assumed executive responsibility for the day-to-day management of the Group's business. In particular, Mr. Leung (i) continued to carry out all the CFO Duties; (ii) together with Mr. Pang, oversaw the general business operations and management of the Group, including both its natural gas and LPG businesses; (iii) assumed the primary responsibilities of the finance, treasury, legal, internal audit, investor relations, international business departments of the Group; (iv) together with Mr. Pang, assumed the responsibilities of the project management, investment and business development, marketing and customer services, information technology, human resources and general administration departments of the Group; (v) acted as the joint head of the Group to develop and maintain relationships with government officials, local partners and gas suppliers in the PRC; and (vi) acted as a member of ad hoc special committees established by the Board to deal on a day-to-day basis with, for example, the Offer.

Under his Employment Contract, Mr. Leung will in the future continue to perform a part of the duties and responsibilities described above.

4. In his previous role as vice president of the Company and chief executive of Shanghai Zhongyou Energy Holdings Limited, Mr. Pang oversaw the business operations of the LPG business of the Group, including (i) integration of such business into the Group and restructuring of Shanghai Zhongyou Energy Holdings Limited and its subsidiaries; (ii) research into the future development of LPG and a value chain analysis of the terminal business development of LPG across the PRC; (iii) establishment of the Group's LPG terminal business; and (iv) establishment of the integration of the LPG supply chain (together, the **"LPG Management Duties"**).

Following his appointment as Joint Managing Director, Mr. Pang also became the executive president of the Group and the president of the Group's LPG business. In these roles, Mr. Pang assumed joint executive responsibility for the day-to-day management of the Group's business. In particular, Mr. Pang (i) continued to carry out all the LPG Management Duties; (ii) together with Mr. Leung, oversaw the general business operations and management of the Group, including both its natural gas and LPG businesses; (iii) assumed the primary responsibilities of the production, safety, engineering, procurement and tendering, and technology departments as well as the design institute of the Group; (iv) together with Mr. Leung, assumed the responsibilities of the project management, investment and business development, marketing and customer services, information technology, human resources and general administration departments of the Group; and (v) acted as the joint head of the Group to develop and maintain relationships with government officials, local partners and gas suppliers in the PRC.

Under his Employment Contract, Mr. Pang will in the future continue to perform a part of the duties and responsibilities described above.

5. Before December 2010, in his role as an executive Director, Mr. Zhu (i) attended Board meetings; and (ii) as general manager of the Group's treasury department, oversaw the Group's financing in the PRC, the Group's relationships with PRC financial institutions and the Group's capital management system.

Since December 2010, in addition to his responsibilities as an Executive Director described above, Mr. Zhu has (i) acted as a member of ad hoc special committees established by the Board to deal on a day-to-day basis with, for example, the legal matters arising from the Offer; (ii) during the period when he was an acting joint managing director of the Company, was responsible for, among other things, managing its public relations; and (iii) since his appointment in March 2011 as the Group's vice president and the general manager of the Group's financial and capital management centre, (a) been responsible for maintaining the credit limit of approximately RMB 40 billion extended to the Group from around 20 financial institutions; (b) been responsible for setting the Group's budget for the financial year ended 31 March 2012; and (c) been supervising the Group's finance teams, leading the audit process of the Group and overhauling and participating in the expenses, disbursements and procurement approval systems of the Group.

Under his Employment Contract, Mr. Zhu will in the future continue to perform the duties and responsibilities described above.

6. Before December 2010, in his role as an executive Director, Mr. Ma (i) attended Board meetings; (ii) as a member of the executive committee of the Board, participated in monitoring the operations of all operating units and ensuring that funding was adequate for the Group's investment projects; (iii) was assistant to the president of the Company, managing 21 project companies; and (iv) in his capacity as chairman, vice chairman and legal representative of 21 project companies of the Group, had the responsibility for maintaining relationships with local governments, shareholders and business partners.

Since December 2010, in addition to his responsibilities as an executive Director as described above, Mr. Ma has (i) had responsibility for managing the Group's gas supplies management centre, overseeing communications with the Group's gas suppliers and managing the supplies of gas across the Group's project companies; and (ii) since his appointment in March 2011 as a vice chairman of the Group's strategic development committee, participated in the provision of overall strategic direction to the management.

Under his Employment Contract, Mr. Ma will in the future continue to perform the duties and responsibilities described above.

7. Mr. Kim has since early 2012 taken up a leading role in interfacing between China Gas and SK E&S Co. Ltd. so as to facilitate the transfer of technologies and technical know-how from SK E&S Co. Ltd. to the Company in order to improve and enhance the operational efficiencies and safety standards of the Company's city gas projects and LPG operations in China. A new department called China Gas SK Collaboration Team has since then been set up within the Company, and Mr. Kim is the head of such department.

B. STANDARD TERMS OF THE EMPLOYMENT CONTRACTS

Each of the Employment Contracts contains similar standard terms of employment such as the term of appointment, minimum notice period for termination and customary non-compete undertakings, which are summarised below:

(a) Term of Appointment

The Appointment shall take effect from the Effective Date until it is terminated pursuant to the terms of the Employment Contract.

(b) Termination of Employment Contract by notice

Either the Company or the senior executive can terminate the Employment Contract by giving the other party 6 months' notice.

(c) Non-compete undertakings

Each senior executive shall not, for a period of 6 months after termination of his Employment Contract, among other things, directly or indirectly, (i) engage in or otherwise be involved in any capacity with any business which is in competition with any business or activity which the Group engages in and with which that senior executive was involved or has knowledge to a material extent, (ii) solicit or otherwise endeavour to entice away from the Group business with a view to providing goods or services in competition with any business of the Group or (iii) offer to employ or otherwise endeavour to entice away from the Group any employees.

C. BIOGRAPHICAL DETAILS OF MR. LIU

Mr. Liu Ming Hui, aged 49, a non executive Director of the Company since 17 August 2012, was a non-executive Director from April 2002 to July 2002, an executive Director from July 2002 to April 2011 and the managing director of the Company from July 2002 to January 2011. Mr. Liu is a graduate of Hebei University of Education in the Faculty of Mathematics, and has substantial working experiences in the infrastructure and energy industry in the People's Republic of China.

As at the Latest Practicable Date, Mr. Liu is deemed to be interested in a total of 936,550,000 Shares under Part XV of the SFO, comprising (i) 309,104,000 Shares beneficially owned by him (of which he is interested in 100,000,000 Shares by way of derivative interests, which represent Mr. Liu's entitlement to subscribe for 100,000,000 Shares upon exercise of the options granted to him under the Share Option Scheme); (ii) 419,478,000 Shares held by China Gas Group Limited ("CGGL"), which is owned as to 50% by Mr. Liu indirectly and 50% by Fortune Oil PRC Holdings Limited; and (iii) 207,968,000 Shares held by Fortune Max Holdings Limited, which is a party to an agreement under section 317 of the SFO with CGGL.

Save as disclosed above, Mr. Liu is not connected with any directors, senior management or substantial or controlling shareholders (each as defined in the Listing Rules) of the Company as at the Latest Practicable Date.

Mr. Liu has not held any directorship in other public companies listed on any securities market in Hong Kong or overseas in the last three years. As at the Latest Practicable Date, other than Mr. Liu's Employment Contract, there is no service agreement between the Company and Mr. Liu. As an executive Director, he will not be entitled to any director fee. Mr. Liu's appointment as an executive Director is for an indefinite term subject to retirement by rotation and re-election in accordance with the Bye-laws. Save as disclosed in this circular, there is no information in relation to Mr. Liu which is required to be disclosed pursuant to Rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and there is no other matter relating to his appointment which needs to be brought to the attention of the Shareholders.

D. CHAIRPERSON'S ADDITIONAL DUTIES AND RESPONSIBILITIES

In her previous role as an independent non-executive Director, Ms. Wong carried out the duties typically expected of an independent non-executive director of a company listed in Hong Kong, including: (i) reviewing and, where necessary, advising shareholders on connected transactions proposed to be entered into by the Company; (ii) as a member of the audit committee of the Board, reviewing and approving the Company's financial results; (iii) as a member of the nomination committee of the Board, reviewing and approving the Company's hiring and nomination for senior management; and (iv) as chairman of the Remuneration Committee, reviewing and either making recommendations to the Board or approving (as appropriate) the remuneration of the Directors and senior management of the Company.

Following her promotion to non-executive Chairman and during the period referred to under the section above headed "Special Payment to Chairperson", Ms. Wong has continued to carry out her duties as an independent non-executive director of the Company as detailed above. In addition, Ms. Wong has (i) assumed responsibility for the Company's overall strategic planning and for ensuring the effectiveness of the Board; and (ii) been a member of ad hoc special committees established by the Board as appropriate to deal on a day-to-day basis with, for example, the Offer.

NOTICE OF SPECIAL GENERAL MEETING



CHINA GAS HOLDINGS LIMITED 中國燃氣控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 384)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “SGM”) of China Gas Holdings Limited (the “**Company**”) will be held at Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Monday, 10 September 2012 at 10:00 a.m. for the purposes of considering and, if thought fit, passing the following resolutions as ordinary resolutions. Unless otherwise indicated, capitalised terms used in this notice and the following resolutions shall have the same meanings as those defined in the circular of the Company dated 24 August 2012 (the “**Circular**”):

ORDINARY RESOLUTIONS

“THAT

1. the employment contract entered into between the Company and Mr. Liu Ming Hui dated 17 August 2012 in respect of his appointment as Managing Director and President of the Company and the transactions contemplated thereunder be and are hereby approved;
2. the employment contract entered into between the Company and Mr. Leung Wing Cheong, Eric dated 17 August 2012 in respect of his appointment as Deputy Managing Director and Chief Financial Officer of the Company and the transactions contemplated thereunder be and are hereby approved;
3. the employment contract entered into between the Company and Mr. Huang Yong dated 17 August 2012 in respect of his appointment as Executive President of the Company and the transactions contemplated thereunder be and are hereby approved;
4. the employment contract entered into between the Company and Mr. Pang Yingxue dated 17 August 2012 in respect of his appointment as Deputy Executive President of the Company and the transactions contemplated thereunder be and are hereby approved;
5. the employment contract entered into between the Company and Mr. Zhu Weiwei dated 17 August 2012 in respect of his appointment as a Vice President of the Company and the transactions contemplated thereunder be and are hereby approved;

* For identification purposes only

NOTICE OF SPECIAL GENERAL MEETING

6. the employment contract entered into between the Company and Mr. Ma Jinlong dated 17 August 2012 in respect of his appointment as a Vice President of the Company and the transactions contemplated thereunder be and are hereby approved;
7. the employment contract entered into between the Company and Mr. Kim Yong Joong dated 17 August 2012 in respect of his appointment as a Vice President of the Company and the transactions contemplated thereunder be and are hereby approved;
8. Mr. Liu Ming Hui be and is hereby appointed as an executive director of the Company to hold office from the date on which this resolution is passed;
9. a special payment be made by the Company to Ms. Wong Sin Yue, Cynthia in the amount of HK\$210,000 per month during the period commencing from 3 March 2011, the date on which she was appointed as Chairperson of the Company, and ending on the earliest of: (i) the date of the SGM; (ii) the day immediately after the offerors inform the Company, or announce, that they do not intend to proceed with the unsolicited pre-conditional voluntary cash offer; or (iii) the day immediately after the offer lapses; and
10. any one or more of the Directors be and is/are hereby authorised to do all such acts and things and execute all such documents which he/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the above employment contracts and special payment and the transactions contemplated thereunder.”

By Order of the Board of
CHINA GAS HOLDINGS LIMITED
LI Man Kit
Company Secretary

Hong Kong, 24 August 2012

Principal Place of Business in Hong Kong:

16th Floor
AXA Centre
151 Gloucester Road
Wan Chai
Hong Kong

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

NOTICE OF SPECIAL GENERAL MEETING

Notes:

1. Any member entitled to attend and vote at the SGM is entitled to appoint one or, if he is a holder of more than one Share, more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. A form of proxy for use in connection with the SGM is enclosed with the Circular. To be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the Company's branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for holding the meeting. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the SGM should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.
3. The register of members of the Company will be closed from 6 September 2012 (Thursday) to 10 September 2012 (Monday) (both days inclusive), during which period no transfer of Shares in the Company will be registered, for the purpose of determining the identity of the Shareholders entitled to attend and vote at the SGM. In order to qualify for attending and voting at the SGM to be held on 10 September 2012 (Monday), all transfers of Shares accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17 Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 5 September 2012 (Wednesday).
4. Where there are joint holders of any Shares, any one of such joint holders may vote at the meeting personally or by proxy in respect of such Shares as if he was solely entitled thereto provided that, if more than one of such joint holders be present at the meeting personally or by proxy, the person whose name stands first on the register of members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof.
5. The Company is currently subject to an unsolicited pre-conditional voluntary cash offer by ENN Energy Holdings Limited and China Petroleum & Chemical Corporation.
6. As at the date of this notice, Mr. LEUNG Wing Cheong, Eric, Mr. PANG Yingxue, Mr. ZHU Weiwei, Mr. MA Jinlong are the executive Directors; Mr. LIU Ming Hui, Mr. FENG Zhuozhi, Mr. Jo YAMAGATA, Mr. P K JAIN and Mr. MOON Duk Kyu (his alternate is Mr. KIM Yong Joong) are the non-executive Directors; and Mr. ZHAO Yuhua, Dr. MAO Erwan and Ms. WONG Sin Yue, Cynthia are the independent non-executive Directors.