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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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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 your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Gas Holdings Limited, you should at once hand this circular with the accompanying form of proxy, to the purchaser or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser.

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### CHINA GAS HOLDINGS LIMITED

中國燃氣控股有限公司\*

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 384)

### RENEWAL OF GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES; RE-ELECTION OF DIRECTORS; APPROVAL OF SENIOR EXECUTIVES' EMPLOYMENT CONTRACTS; AND NOTICE OF ANNUAL GENERAL MEETING

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A notice convening the AGM of the Company to be held at Renaissance Harbour View Hotel Hong Kong, Boardroom 3–4, Mezzanine Floor, 1 Harbour Road, Wanchai, Hong Kong at 10:00 a.m. on Thursday, 10 August 2017 is set out on page 26 to page 32 of this circular. A form of proxy for use at the AGM is enclosed with the Annual Report which is despatched to you together with this circular.

If there is a black rainstorm warning signal or a tropical cyclone warning signal number 8 or above in force at or after 7:00 a.m. on 10 August 2017 or if the Hong Kong Observatory has announced at or before 7:00 a.m. on 10 August 2017 that either of the above mentioned warnings is to be issued within the next two hours, the chairman of the AGM may propose for the AGM to be adjourned to a date which falls within 13 days from 10 August 2017 if (i) a quorum is present and the adjournment is consented to by the shareholders present; or (ii) a quorum is not present. If the meeting is so adjourned, the Company will make announcement regarding the adjourned meeting.

Whether or not you intend to attend and vote at the AGM in person, you are requested to complete the form of proxy enclosed with the Annual Report 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, Wanchai, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM should you so wish.

\* For identification purposes only

11 July 2017

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## DEFINITIONS

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*In this circular, the following expressions shall have the following meanings unless the context indicates otherwise:*

“associate(s)”	has the same meaning ascribed thereto in the Listing Rules
“AGM”	the annual general meeting of the Company to be held at Renaissance Harbour View Hotel Hong Kong, Boardroom 3–4, Mezzanine Floor, 1 Harbour Road, Wanchai, Hong Kong at 10:00 a.m. on Thursday, 10 August 2017 or at any adjournment thereof
“Annual Report”	the annual report of the Company for the year ended 31 March 2017 despatched to the Shareholders together with this circular
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company from time to time and references to a “Bye-law” are to a bye-law contained therein
“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
“Director(s)”	the director(s) of the Company
“Effective Date”	the date upon which the Employment Contracts are approved by the Independent Shareholders at the AGM
“Employment Contracts”	the employment contracts entered into between the Company and each of the Relevant Senior Executives all dated 3 July 2017; each an “Employment Contract”
“Existing Employment Contracts”	the existing employment contracts entered into between the Company and each of the Relevant Senior Executives all dated 17 August 2012; each an “Existing Employment Contract”
“Group”	the Company and all of its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	Shareholders who are not required to abstain from voting on the resolutions to be proposed at the AGM to approve the Employment Contracts under the Listing Rules

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## DEFINITIONS

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“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise all the powers of the Company to allot, issue and otherwise deal with additional Shares up to a maximum of 20% of the aggregate nominal share capital of the Company in issue as at the date of passing of the relevant resolution
“Latest Practicable Date”	6 July 2017, 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 of Hong Kong Limited
“Mr. HUANG”	Mr. HUANG Yong
“Mr. LIU”	Mr. LIU Ming Hui
“Mr. MA”	Mr. MA Jinlong
“Mr. ZHU”	Mr. ZHU Weiwei
“PRC”	The People’s Republic of China
“Relevant Senior Executives”	Mr. LIU, Mr. HUANG, Mr. ZHU and Mr. MA collectively, each a “Relevant Senior Executive”
“Remuneration Committee”	the Remuneration Committee of the Company, comprising Ms. WONG Sin Yue Cynthia, Dr. MAO Erwan, Mr. ZHAO Yuhua and Mr. LIU
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise all the powers of the Company to repurchase up to 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution
“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
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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## DEFINITIONS

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“Takeovers Code”

Hong Kong Code on Takeovers and Mergers

“%”

per cent



**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. ZHOU Si (*Chairman*)

Mr. LIU Ming Hui

*(Executive Chairman, Managing Director and President)*

Mr. HUANG Yong (*Executive President*)

Mr. ZHU Weiwei (*Vice President*)

Mr. MA Jinlong (*Vice President*)

Ms. LI Ching

*Non-executive Directors:*

Mr. YU Jeong Joon (*Vice Chairman*)

Mr. KIM Yong Joong

*(Vice President, alternate to Mr. YU Jeong Joon)*

Mr. LIU Mingxing

Mr. Arun Kumar MANCHANDA

Mr. JIANG Xinhao

*Independent Non-executive Directors:*

Mr. ZHAO Yuhua

Dr. MAO Erwan

Ms. WONG Sin Yue Cynthia

Mr. HO Yeung

Ms. CHEN Yanyan

*Registered office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

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

Room 1601, 16th Floor

AXA Centre, 151 Gloucester Road

Wanchai, Hong Kong

11 July 2017

*To the Shareholders*

Dear Sir or Madam,

**RENEWAL OF GENERAL MANDATES TO  
ISSUE SHARES AND REPURCHASE SHARES;  
RE-ELECTION OF DIRECTORS;  
APPROVAL OF SENIOR EXECUTIVES'  
EMPLOYMENT CONTRACTS; AND  
NOTICE OF ANNUAL GENERAL MEETING**

**1. INTRODUCTION**

The purpose of this circular is to provide you with details in relation to the resolutions to be proposed at the AGM, including (i) the proposed renewal of Issue Mandate and Repurchase Mandate; (ii) re-election of Directors; and (iii) the Employment Contracts.

\* For identification purposes only

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## LETTER FROM THE BOARD

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### **2. PROPOSED RENEWAL GENERAL MANDATE TO ISSUE AND TO REPURCHASE SHARES**

At the annual general meeting of the Company held on Tuesday, 16 August 2016, ordinary resolutions were passed granting general mandates to the Directors, *inter alia*, to repurchase Shares and to issue, allot and deal with Shares.

The existing general mandates will lapse at the conclusion of the AGM. Accordingly, the Issue Mandate and the Repurchase Mandate, respectively, as set out as ordinary resolutions in the notice of AGM, are now proposed to be granted. The Directors, at the Latest Practicable Date, have no immediate plans to repurchase any Shares or to issue any new Shares pursuant to the relevant mandates.

In relation to the Issue Mandate, 4,968,519,572 Shares were in issue and fully paid as at the Latest Practicable Date. Assuming that there are no changes in the Company's issued and fully paid share capital from the Latest Practicable Date to the date of AGM and subject to the passing of the ordinary resolution approving the Issue Mandate, the maximum number of Shares that may be issued by the Company will be 993,703,914 Shares.

The explanatory statement, as required by the Listing Rules to be sent to the Shareholders in connection with the Repurchase Mandate, is set out in Appendix I to this circular. The explanatory statement contains all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolutions at the AGM.

### **3. RE-ELECTION OF DIRECTORS**

Pursuant to Bye-law 87(1) of the Bye-laws of the Company, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not a multiple of three, the number nearest to but not less than one-third, shall retire from office by rotation, provided that every Director shall be subject to retirement at least once every three years.

Pursuant to Bye-law 87(1) of the Bye-laws of the Company and the Code Provision A.4.2 of the Corporate Governance Code set out in Appendix 14 to the Listing Rules, Mr. LIU, Mr. ZHU, Mr. MA, Mr. Arun Kumar MANCHANDA and Mr. JIANG Xinhao will retire by rotation, and being eligible, will offer themselves for re-election at the AGM.

Details of the above Directors proposed to be re-elected at the AGM are set out in Appendix II to this circular.

### **4. RELEVANT SENIOR EXECUTIVES' EMPLOYMENT CONTRACTS**

The Company and each of the Relevant Senior Executives entered into the Existing Employment Contracts on 17 August 2012 respectively. In light of the reasons set out in the paragraph headed "Reasons for the 10-year Term of Appointment of the Employment Contracts" in Appendix III, the Company has entered into the Employment Contracts with each of the Relevant Senior Executives on 3 July 2017 for a term of appointment of 10 years from the Effective Date.

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## LETTER FROM THE BOARD

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According to Rule 13.68 of the Listing Rules, given that the term of appointment of each Employment Contract exceeds three years, each Employment Contract is subject to the approval of the Independent Shareholders. The Existing Employment Contracts shall be superseded by the Employment Contracts from the Effective Date, subject to the approval of the Independent Shareholders at the AGM.

Please refer to Appendix III for further details of the Employment Contracts, the biographical details of the Relevant Senior Executives and the reasons for the terms of appointment.

### 5. AGM

A notice of AGM is set out on pages 26 to 32 of this circular. As the Employment Contracts are for a term of appointment that exceeds three years, each Employment Contract is subject to the approval of the Independent Shareholders pursuant to Rule 13.68 of the Listing Rules. According to the register maintained by the Company pursuant to Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), as at the Latest Practicable Date, Mr. LIU, Mr. HUANG, Mr. ZHU and Mr. MA, together with their respective associates, were and deemed to be interested in 1,036,544,028, 117,278,000, 7,000,000 and 1,216,000 Shares respectively, representing approximately 20.86%, 2.36%, 0.14% and 0.02% respectively of the entire issued share capital of the Company. Mr. LIU, Mr. HUANG, Mr. ZHU and Mr. MA and their respective associates are required to abstain from voting at the AGM on the resolutions to approve their respective Employment Contracts.

The Remuneration Committee comprises three independent non-executive Directors, namely Ms. WONG Sin Yue Cynthia, Dr. MAO Erwan, and Mr. ZHAO Yuhua, and an executive Director being Mr. LIU. The Remuneration Committee (other than Mr. LIU, who is interested in his Employment Contract) has reviewed and considered the terms of the Employment Contracts for the purpose of advising the Independent Shareholders in respect of the Employment Contracts.

The letter from the Remuneration Committee (other than Mr. LIU) containing its advice and recommendation to the Independent Shareholders as to how to vote at the AGM with regard to the Employment Contracts is set out on page 25 of this circular.

Save as disclosed in this circular, to the best knowledge of the Directors, no Shareholder is required to abstain from voting in respect of any of the resolutions proposed at the AGM pursuant to the Listing Rules.

A form of proxy for use at the AGM is enclosed with the Annual Report. In order 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, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and delivery of the



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## LETTER FROM THE BOARD

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form of proxy will not preclude Shareholders from attending and voting in person at the AGM should they so wish and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

### **CLOSURE OF REGISTER OF MEMBERS**

**For the purpose of determining the identity of the Shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from 7 August 2017 (Monday) to 10 August 2017 (Thursday) (both days inclusive), during which period no transfer of Shares will be registered.** In order to qualify for attending and voting at the AGM to be held on 10 August 2017 (Thursday), 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 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 4 August 2017 (Friday).

**For the purpose of determining the Shareholders who are entitled to receive the proposed final dividend for the year ended 31 March 2017, the register of members of the Company will be closed from 16 August 2017 (Wednesday) to 18 August 2017 (Friday) (both days inclusive), during which period no transfer of Shares will be registered.** Subject to approval of the Shareholders at the AGM, the proposed final dividend will be payable, on or about 29 September 2017 (Friday), to the Shareholders whose names appear on the register of members of the Company on 18 August 2017 (Friday). In order to qualify for the proposed final dividend, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 15 August 2017 (Tuesday).

### **VOTING BY WAY OF POLL**

Pursuant to Rule 13.39(4) of the Listing Rules and Bye-law 66, at any general meeting of the Company, a resolution put to the vote of the meeting shall be taken by poll, other than resolution which relates purely to a procedural or administrative matter which may be decided by the chairman in good faith to be voted by a show of hands.

### **RECOMMENDATION**

The Directors are of the opinion that the resolutions to be proposed at the AGM as referred in this circular are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of all the relevant resolutions to be proposed at the AGM.

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## LETTER FROM THE BOARD

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### GENERAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendices to this circular.

Yours faithfully,  
On behalf of the Board  
**CHINA GAS HOLDINGS LIMITED**  
**ZHOU Si**  
*Chairman*

This explanatory statement contains all the information required pursuant to Rule 10.06(1)(b) of the Listing Rules.

### **1. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company was 4,968,519,572 Shares.

Subject to the passing of the ordinary resolution granting the Repurchase Mandate and on the basis that there are no changes in the Company's issued and fully paid share capital from the Latest Practicable Date to the date of AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 496,851,957 Shares.

### **2. REASONS FOR SHARE REPURCHASE**

The Directors believe that the Repurchase Mandate is in the best interests of the Company and its Shareholders as a whole.

Whilst it is not possible to anticipate in advance any specific circumstance in which the Directors might consider being appropriate to repurchase the Shares, they believe that an ability to do so would give the Company flexibility that would be beneficial to the Company and the Shareholders. Such repurchases may, depending on market conditions and funding arrangements at that time, lead to an enhancement of the net asset value per Share and/or earnings per Share. Repurchases of Shares will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

### **3. SOURCE OF FUNDS OF REPURCHASE**

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and Bye-laws and the applicable laws and regulations of Bermuda. The laws of Bermuda provide that: (i) the amount of capital repaid in connection with a repurchase of Shares may only be paid, with respect to the par value of the Shares to be repurchased, out of either the capital paid up on the relevant Shares, or the funds of the Company that would otherwise be available for dividend or distribution, or the proceeds of a fresh issue of Shares made for the purpose of the repurchase; (ii) the amount of premium payable on repurchase may only be paid out of either the funds of the Company that would otherwise be available for dividend or distribution or out of the share premium account of the Company; (iii) no purchase by the Company of its own Shares may be effected if, on the date on which the purchase is to be effected, there are reasonable grounds for believing that the Company is, or after the purchase would be, unable to pay its liabilities as they become due; and (iv) the Shares so repurchased would be treated as cancelled but the aggregate amount of authorised share capital of the Company would not be reduced.

On the basis of the consolidated financial position of the Company as at 31 March 2017 (being the date to which the latest published audited financial statements of the Company have been made up) and in particular the working capital position of the Company at that time and the number of Shares in issue, the Directors consider that there might be a material adverse impact on the working capital position or the gearing position of the Company in the event that the Repurchase Mandate is exercised in full at any time during the proposed repurchase period. However, no purchase would be made in circumstances that would have a material adverse impact on the working capital position or the gearing position of the Company (as compared with the position disclosed in its latest published audited financial statements).

#### 4. SHARE PRICES

The highest and lowest prices at which the Shares traded on the Stock Exchange during each of the following months up to and including the Latest Practicable Date were as follows:

	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
<b>2016</b>		
July	12.46	11.50
August	13.44	12.08
September	13.10	11.82
October	12.80	11.82
November	12.20	10.10
December	10.60	9.91
<b>2017</b>		
January	11.60	10.50
February	12.22	11.00
March	12.92	11.58
April	13.98	12.18
May	12.64	10.44
June	16.00	11.80
July (up to the Latest Practicable Date)	17.00	15.46

#### 5. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate and in accordance with the Listing Rules, the memorandum of association of the Company and Bye-laws and the applicable laws and regulations of Bermuda.

None of the Directors nor, to the best of their knowledge and belief having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules), have any present intention to sell any Shares to the Company in the event that the Repurchase Mandate is approved at the AGM.

No core connected persons (as defined in the Listing Rules) of the Company has notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Company is authorised to make purchases of the Shares.

## 6. EFFECT OF TAKEOVERS CODE

If, as a result of a repurchase of Shares by the Company, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of Rule 32 of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase in the interest of the Shareholder(s), could obtain or consolidate control of the Company and become(s) obliged to make a mandatory general offer in accordance with Rule 26 of the Takeovers Code.

According to the register kept under Section 336 of the SFO and information received by the Company, as at the Latest Practicable Date, the following Shareholders are taken to have 5% or more of the total issued shares of the Company:

Name of Shareholders	Number of Shares interested	Percentage of shareholding in the Company	
		As at the Latest Practicable Date	Assuming that the Repurchase Mandate is exercised in full
Beijing Enterprises Group Company Limited ("BE Group")	1,237,663,143 (Note 1)	24.91%	27.68%
Beijing Enterprises Group (BVI) Company Limited ("BE Group BVI")	1,237,663,143 (Note 1)	24.91%	27.68%
Beijing Enterprises Holdings Limited ("Beijing Enterprises")	1,237,663,143 (Note 1)	24.91%	27.68%
Hong Mao Developments Limited ("Hong Mao")	1,164,911,143 (Note 1)	23.45%	26.05%
LIU Ming Hui ("Mr. LIU")	1,086,544,028 (Notes 2 and 3)	21.87%	24.30%

Name of Shareholders	Number of Shares interested	Percentage of shareholding in the Company	
		As at the Latest Practicable Date	Assuming that the Repurchase Mandate is exercised in full
Joint Coast Alliance Market Development Limited (“Joint Coast”)	754,908,000 <i>(Notes 2 and 3)</i>	15.19 %	16.88%
China Gas Group Limited (“CGGL”)	754,908,000 <i>(Notes 2 and 3)</i>	15.19%	16.88%
CHIU Tat Jung Daniel (“Mr. CHIU”)	976,723,435 <i>(Note 4)</i>	19.66%	21.84%
First Level Holdings Limited (“First Level”)	976,723,435 <i>(Note 4)</i>	19.66%	21.84%
Fortune Dynasty Holdings Limited (“Fortune Dynasty”)	975,723,435 <i>(Note 4)</i>	19.64%	21.82%
Fortune Oil Limited (“Fortune Oil”)	975,723,435 <i>(Note 4)</i>	19.64%	21.82%
Fortune Oil PRC Holdings Limited (“Fortune Oil PRC”)	911,409,544 <i>(Note 4)</i>	18.34%	20.38%
CHEY Taewon (“Mr. CHEY”)	780,908,500 <i>(Note 5)</i>	15.72%	17.46%
SK Holdings Co., Ltd. (“SK Holdings”)	780,908,500 <i>(Note 5)</i>	15.72%	17.46%
SK E&S Co., Ltd. (“SK E&S”)	780,908,500 <i>(Note 5)</i>	15.72%	17.46%
The Capital Group Companies, Inc	295,776,000	5.95%	6.61%

*Notes:*

- Each of BE Group, BE Group BVI and Beijing Enterprises was deemed to be interested in 1,237,663,143 Shares, 72,752,000 of which were beneficially owned by Beijing Enterprises, and 1,164,911,143 of which were directly and beneficially owned by Hong Mao. Hong Mao. was wholly-owned by Beijing Enterprises which was deemed to be owned as to 41.06% by BE Group BVI, 7.93% by Modern Orient Limited (“Modern Orient”) and 12.97% by Beijing Enterprises Investments Limited (“Beijing Enterprises Investments”). Modern Orient was wholly-owned by Beijing Enterprises Investments which is owned as to 72.72% by BE Group BVI. BE Group BVI was wholly-owned by BE Group.

2. Mr. LIU was deemed to be interested in a total of 1,086,544,028 Shares, comprising:
  - (i) 281,636,028 Shares beneficially owned by him;
  - (ii) 50,000,000 underlying Shares beneficially owned by way of share options; and
  - (iii) 754,908,000 Shares beneficially owned by CGGL. CGGL was owned as to 50% by Joint Coast which, in turn, is wholly-owned by Mr. LIU.
3. Joint Coast was deemed to be interested in 754,908,000 Shares beneficially owned by CGGL. CGGL is owned as to 50% by Joint Coast which, in turn, is wholly-owned by Mr. LIU.
4. Each of Mr. CHIU and First Level was deemed to be interested in a total of 976,723,435 Shares, comprising:
  - (i) 754,908,000 Shares beneficially owned by CGGL. CGGL was owned as to 50% by Fortune Oil PRC;
  - (ii) 156,501,544 Shares beneficially owned by Fortune Oil PRC, which is a wholly-owned subsidiary of Fortune Oil. Fortune Oil is a wholly-owned subsidiary of Fortune Dynasty which is owned as to 70% by First Level;
  - (iii) 27,617,919 Shares beneficially owned by First Marvel Investment Limited, which is a wholly-owned subsidiary of Fortune Oil;
  - (iv) 36,695,972 Shares beneficially owned by Fortune Oil Holdings Limited, which is a wholly-owned subsidiary of Fortune Oil; and
  - (iv) 1,000,000 Shares beneficially owned by First Level which, in turn, is owned as to 99% by Mr. CHIU.
5. Each of Mr. CHEY, SK Holdings and SK E&S was deemed to be interested in a total of 780,908,500 Shares, comprising:
  - (i) 705,034,500 Shares beneficially owned by SK E&S. SK E&S is owned as to 100% by SK Holdings. SK Holdings is owned as to 23.40% by Mr. CHEY;
  - (ii) 73,008,000 Shares beneficially owned by Busan City Gas Co., Ltd. (“Busan City”) (formerly known as Pusan City Gas Co., Ltd.) which is owned as to 76.40% by SK E&S; and
  - (iii) 2,866,000 Shares beneficially owned by SK E&S Hong Kong Co., Ltd., which is owned as to 50% by Busan City and 50% by SK E&S.

On the basis that there are no changes in the Company’s issued and fully paid share capital from the Latest Practicable Date to the date of AGM and none of the substantial shareholders (as defined in the Listing Rules) of the Company dispose of its/his Shares, in the event that the Directors exercise in full the Repurchase Mandate, the interests of the above Shareholders would be increased to such percentages of the issued share capital of the Company as set out in the fourth column of the above table. To the best knowledge of the Directors, there are no Shareholder or group of Shareholders acting in concert, who may become obliged to make a mandatory offer under Rule 26 of the Takeovers Code as a consequence of such increase as a result of the Repurchase Mandate exercised in full.

**7. SHARE REPURCHASES MADE BY THE COMPANY**

The Company repurchased 200,000 Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date. Details of the repurchase are as follows:

<b>Date of repurchase</b>	<b>Number of Shares repurchased</b>	<b>Price per Share</b>	
		<b>Highest HK\$</b>	<b>Lowest HK\$</b>
13 January 2017	200,000	11.38	11.38

Save as disclosed above, the Company has not made any repurchase of the Shares during the six months prior to the Latest Practicable Date.



As required by the Listing Rules, the particulars of the Directors proposed to be re-elected at the AGM are set out in this Appendix II.

**Mr. LIU Ming Hui (“Mr. LIU”)**, aged 54, is currently the Executive Chairman, Managing Director and President of the Company. He is responsible for the Group’s overall strategic planning and development and operation. He is also the Chairman of the Executive Committee, a member of each of the Nomination Committee and the Remuneration Committee. Mr. LIU was appointed as a Non-executive Director of the Company in August 2012 and has been elected as an Executive Director of the Company in September 2012. Mr. LIU was a Non-executive Director of the Company from April 2002 to July 2002, an Executive Director of the Company from July 2002 to April 2011 and the Managing Director of the Company from July 2002 to January 2011. He is also a director of certain subsidiaries of the Company. Mr. LIU graduated from Hebei Normal University in the Faculty of Mathematics. He is also a postgraduate candidate in Politics and Economics of Renmin University of China and a doctoral candidate in Business Administration of Renmin University of China. He has substantial experience in the infrastructure and energy industry in China. Mr. LIU is the founder of the Company. He is the elder brother of Mr. LIU Mingxing, the Non-executive Director of the Company.

Saved as disclosed above, Mr. LIU has not held any directorship in publicly listed companies, whether in Hong Kong or overseas, during the last three years and up to the Latest Practicable Date, nor does he have any relationship with any Directors, senior management or substantial or controlling shareholders of the Company (as defined in the Listing Rules). As at the Latest Practicable Date, Mr. LIU does not hold any other position with the Company and its subsidiaries.

As at the Latest Practicable Date, there was an Existing Employment Contract between the Company and Mr. LIU in his capacity as the Managing Director and President of the Company under which Mr. LIU is entitled to a monthly salary of HK\$600,000, housing allowance of up to HK\$100,000 per month and discretionary bonus as may be approved by the Remuneration Committee with reference to his roles and responsibilities and the prevailing market conditions. As at the Latest Practicable Date, Mr. LIU has entered into the Employment Contract with the Company, which is subject to the approval of the Independent Shareholders at the AGM. For details of the terms and conditions of the Employment Contracts, please refer to Appendix III.

Mr. LIU, as a Director, has no fixed term of appointment, and he is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws of the Company.

As at the Latest Practicable Date, Mr. LIU is deemed to be interested in 1,086,544,028 Shares, representing 21.87% of the issued share capital of the Company under Part XV of the SFO, which comprises (i) 281,636,028 Shares beneficially held by him; (ii) share options entitling him to subscribe for 50,000,000 Shares; and (iii) 754,908,000 Shares beneficially owned by China Gas Group Limited, which is owned as to 50% by Joint Coast Alliance Market Development Limited, which in turn, is wholly-owned by Mr. LIU.

Save as disclosed above, the Board is not aware of any other information required to be disclosed pursuant to the requirements of Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, nor is there any other matters that needs to be brought to the attention of the Shareholders of the Company.

**Mr. ZHU Weiwei (“Mr. ZHU”)**, aged 44, is currently a Vice President of the Company. Mr. ZHU was appointed as an Executive Director of the Company in September 2002. He is also the Chief Financial Officer of the Company, a director of certain subsidiaries of the Company and a member of the Executive Committee. Mr. ZHU is responsible for the Group’s overall financial management, financing and capital management, and internal control matters. Mr. ZHU received a Master’s degree in Finance from Zhongnan University of Finance and Economics, the PRC. Mr. ZHU has substantial experience in financing and capital management.

Save as disclosed above, Mr. ZHU has not held any other directorships in publicly listed companies, whether in Hong Kong or overseas, during the last three years and as at the Latest Practicable Date, nor does she have any relationship with any Directors, senior management or substantial or controlling Shareholders of the Company (as defined in the Listing Rules).

As at the Latest Practicable Date, there was an Existing Employment Contract between the Company and Mr. ZHU in his capacity as a Vice President of the Company under which Mr. ZHU is entitled to a monthly salary of HK\$250,000, housing allowance of up to HK\$50,000 per month and discretionary bonus as may be approved by the Remuneration Committee with reference to his roles and responsibilities and the prevailing market conditions. As at the Latest Practicable Date, Mr. ZHU has entered into the Employment Contract with the Company, which is subject to the approval of the Independent Shareholders at the AGM. For details of the terms and conditions of the Employment Contracts, please refer to Appendix III.

Mr. ZHU, as a Director, has no fixed term of appointment, and he is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the By-laws of the Company.

As at the Latest Practicable Date, Mr. ZHU beneficially holds 7,000,000 Shares and has interest in share options entitling him to subscribe for 2,000,000 Shares.

Save as disclosed above, the Board is not aware of any other information required to be disclosed pursuant to the requirements of the Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, nor is there any other matters that needs to be brought to the attention of the Shareholders of the Company.

**Mr. MA Jinlong (“Mr. MA”)**, aged 50, is currently a Vice President of the Company. Mr. MA was appointed as an Executive Director of the Company in September 2002. He is also a director of certain subsidiaries of the Company and a member of the Executive Committee and the Nomination Committee. Mr. MA is responsible for the Group’s overall human resources management and operations. Mr. MA received a Bachelor’s degree in Economics from Hebei

University and Executive Master's degree in Business Administration from University of International Business and Economics. He has substantial experience in human resources management and operations.

Save as disclosed above, Mr. MA has not held any other directorships in publicly listed companies, whether in Hong Kong or overseas, during the last three years and as at the Latest Practicable Date, nor does she have any relationship with any Directors, senior management or substantial or controlling Shareholders of the Company (as defined in the Listing Rules).

As at the Latest Practicable Date, there was an Existing Employment Contract between the Company and Mr. MA in his capacity as a Vice President of the Company under which Mr. MA is entitled to a monthly salary of HK\$200,000, housing allowance of up to HK\$50,000 per month and discretionary bonus as may be approved by the Remuneration Committee with reference to his roles and responsibilities and the prevailing market conditions. As at the Latest Practicable Date, Mr. MA has entered into the Employment Contract with the Company, which is subject to the approval of the Independent Shareholders at the AGM. For details of the terms and conditions of the Employment Contracts, please refer to Appendix III.

Mr. MA, as a Director, has no fixed term of appointment, and he is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the By-laws of the Company.

As at the Latest Practicable Date, Mr. MA beneficially holds 1,216,000 Shares and has interest in share options entitling him to subscribe for 2,000,000 Shares.

Save as disclosed above, the Board is not aware of any other information required to be disclosed pursuant to the requirements of the Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, nor is there any other matters that needs to be brought to the attention of the Shareholders of the Company.

**Mr. Arun Kumar MANCHANDA** (“**Mr. MANCHANDA**”), aged 59, was appointed as a Non-executive Director of the Company in November 2014. He is also currently a member of the Corporate Governance and Risk Control Committee. Mr. MANCHANDA is currently the Executive Director of Marketing with GAIL (India) Limited (“GAIL”). Prior to this, Mr. MANCHANDA headed GAIL's Liquid Hydrocarbon division and was also responsible for marketing of natural gas and Polymers from 2012 to 2014. Mr. MANCHANDA is a Chemical Engineer from Punjab University with Management Degree in Sales and Marketing Management and has over 37-year of experience in the marketing of natural gas, petrochemicals and petroleum products.

Save as disclosed above, Mr. MANCHANDA has not held any other directorships in publicly listed companies, whether in Hong Kong or overseas, during the last three years and as at the Latest Practicable Date, nor does he have any relationship with any Directors, senior management or

substantial or controlling Shareholders of the Company (as defined in the Listing Rules). As at the Latest Practicable Date, Mr. MANCHANDA does not hold any other position with the Company and its subsidiaries.

As at the Latest Practicable Date, there was no service agreement between the Company and Mr. MANCHANDA, but Mr. MANCHANDA is entitled to a director's fee as may be approved by the Board of the Company with reference to his roles and responsibilities and the prevailing market conditions. Currently, Mr. MANCHANDA, as a non-executive Director, is entitled to an annual director's fee of HK\$240,000 and discretionary bonus payment. He is also entitled to an annual fee of HK\$60,000 as the member of the Corporate Governance and Risk Control Committee. Mr. MANCHANDA has no designated length of service with the Company but he is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws of the Company.

As at the Latest Practicable Date, Mr. MANCHANDA has interest in share options entitling him to subscribe for 800,000 Shares.

Save as disclosed above, the Board is not aware of any other information required to be disclosed pursuant to the requirements of Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, nor is there any other matters that needs to be brought to the attention of the Shareholders of the Company.

**Mr. JIANG Xinhao ("Mr. JIANG")**, aged 52, was appointed as a Non-executive Director of the Company in June 2015. He is also currently a member of the Corporate Governance and Risk Control Committee. Mr. JIANG graduated from Fudan University in 1987 with a Bachelor's degree in Law, then he served as a Policy Analysis of the Chinese State Commission of Restructuring Economic System from 1987 to 1989. In 1992, he was granted a Master's degree in Law by Fudan University. Mr. JIANG was a lecturer at Peking University between 1992 and 1994. From 1995 to 1997, Mr. JIANG was a Deputy General Manager of Jingtai Finance Company in Hong Kong, and subsequently a Director and Deputy General Manager of BHL Industrial Investment Company. From 1997 to February 2005, Mr. JIANG was a Director and the Chief Executive Officer of Tramford International Limited, a public company listed on Nasdaq. Mr. JIANG was a Manager of the investment development department of Beijing Holdings Limited and a General Manager of Beijing BHL Investment Center between May 2000 and February 2005. Mr. JIANG has extensive experience in economics, finance and corporate management. Mr. JIANG is currently the Executive Director and Vice President of Beijing Enterprises Holdings Limited (Stock Exchange Stock Code: 392). Mr. JIANG also serves as Vice General Manager of Beijing Enterprises Group Company Limited and an Executive Director of Beijing Enterprises Water Group Limited (Stock Exchange Stock Code: 371). From January 2011 to June 2016, Mr. JIANG was an Executive Director of Beijing Properties (Holdings) Limited (Stock Exchange Stock Code: 925).

BE Group is deemed to be interested in 1,237,663,143 Shares, representing 24.91% of the issued share capital of the Company under Part XV of the SFO as at the Latest Practicable Date.

Saved as disclosed above, Mr. JIANG has not held any directorship in publicly listed companies, whether in Hong Kong or overseas, during the last three years and up to the Latest Practicable Date, nor does he have any relationship with any Directors, senior management or substantial or controlling shareholders of the Company (as defined in the Listing Rules). As at the Latest Practicable Date, Mr. JIANG does not hold any other position with the Company and its subsidiaries.

As at the Latest Practicable Date, there is no service agreement between the Company and Mr. JIANG. Mr. JIANG is entitled to a director's fee as may be approved by the Board of the Company with reference to his roles and responsibilities and the prevailing market conditions. Currently, Mr. JIANG, as a Non-executive Director, is entitled to an annual director's fee of HK\$240,000 and discretionary bonus payment. He is also entitled to an annual fee of HK\$60,000 as the member of the Corporate Governance and Risk Control Committee. However, Mr. JIANG waived all director's fee, discretionary bonus and annual fee as the member of the Corporate Governance and Risk Control Committee mentioned above. Mr. JIANG has no designated length of service with the Company but he is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws of the Company.

As at the Latest Practicable Date, Mr. JIANG does not hold any interest in the Shares or underlying shares of the Company.

Save as disclosed above, the Board is not aware of any other information to be disclosed pursuant to the requirement of the Rules 13.51(2)(h) and 13.51(2)(v) of the Listing Rules and there are no other matters that needs to be brought to the attention of the Shareholders of the Company.

**REMUNERATION TERMS OF THE EMPLOYMENT CONTRACTS**

Detailed remuneration terms of the Employment Contract of each Relevant Senior Executive are set out below:

<b>Name of the Relevant Senior Executive</b>	<b>Title</b>	<b>Monthly salary HK\$ (Note 1)</b>	<b>Housing reimbursement HK\$</b>	<b>Bonus HK\$</b>
Mr. LIU	Managing Director and President	600,000	100,000	Discretionary bonus, subject to the approval of the Remuneration Committee, in accordance with the performance of the Company in the preceding financial year
Mr. HUANG	Executive President	550,000	100,000	Ditto
Mr. ZHU	Vice President	250,000	50,000	Ditto
Mr. Ma	Vice President	200,000	50,000	Ditto

*Note:*

1. The basic salary of each Relevant Senior Executive shall be reviewed annually and may be adjusted at the discretion of the Remuneration Committee, in accordance with the salary adjustment level of the Group's general staff in the preceding financial year.

**STANDARD TERMS OF THE EMPLOYMENT CONTRACTS**

Each of the Employment Contracts contains similar employment terms and conditions such as the term of appointment, termination of employment and non-compete undertakings. The key employment terms and conditions are summarised below:

**Term of appointment** : Ten (10) years commencing from the Effective Date, subject to the approval of the Independent Shareholders at the AGM

Before the expiry of the term of appointment of each of the Employment Contracts, the Company and each of the Relevant Senior Executives shall negotiate the renewal of each of the Employment Contracts. Unless otherwise agreed by the Company and each of the Relevant Senior Executives, each of the Employment Contracts terminates automatically on the expiry date of the term of appointment.

**Termination of the Employment Contracts**

If any of the following events occurs or continues to occur, the Company may immediately terminate the employment of the Relevant Senior Executive under the Employment Contracts by notice in writing:

- (a) the Relevant Senior Executive has committed any dishonest behaviour, or is in wilful neglect in the discharge of his duties, or is in default which results in serious loss to the Company or the Group or is in any serious default;
- (b) the Relevant Senior Executive is in habitual breach of the terms of the Employment Contract, tending to bring himself or the Company or any other members of the Group into grave disrepute;
- (c) the Relevant Senior Executive becomes bankrupt or insolvent or enters into any indemnity arrangement or settlement agreement with his creditor(s);
- (d) the Relevant Senior Executive suffers from mental illness or requires long-term psychiatric treatment;
- (e) the Relevant Senior Executive is convicted of any criminal offence (other than traffic offences);
- (f) during his term of employment, the Relevant Senior Executive refuses to carry out any of the reasonable and lawful resolutions and instructions from the Board; or
- (g) any other circumstances in which the Company may terminate the Employment Contract without any notice under the common law or other applicable laws.

If the Employment Contract is terminated in accordance with (a) to (g) above, the Relevant Senior Executive shall not be entitled to claim any compensation.

If the Employment Contract is terminated by the Company other than in accordance with (a) to (g) above before the expiry of the term of appointment of the Employment Contract, the Company shall give written notice to the Relevant Senior Executive or make a payment in lieu of notice. The written notice of termination shall expire on the last day of the term of appointment of the Employment Contract of the Relevant Senior Executive. The amount of payment in lieu of notice shall be calculated on a daily basis based on the remaining term of appointment of the Relevant Senior Executive. If the Company fails to give written notice or make a payment in lieu of notice before or at the time of the termination of the Employment Contract, the Relevant Senior Executive is entitled to take legal action against the Company for the recovery of the relevant payment in lieu of notice. All reasonable costs incurred by such legal action shall be borne by the Company.

If the Employment is terminated by the Relevant Senior Executive, the Relevant Senior Executive shall give written notice to the Company or make a payment in lieu of notice. The written notice of termination shall expire on the last day of the term of appointment of the Employment Contract of the Relevant Senior Executive. The amount of payment in lieu of notice shall be calculated on a daily basis based on the remaining term of appointment of the Relevant Senior Executive. If the Relevant Senior Executive fails to give written notice or make a payment in lieu of notice before or at the time of the termination of the Employment Contract, the Company is entitled to take legal action against the Relevant Senior Executive for the recovery of the relevant payment in lieu of notice. All reasonable costs incurred by such legal action shall be borne by the Relevant Senior Executive.

#### **Non-compete undertakings**

Each Relevant Senior Executive shall not, for a period of 6 months after the termination of his Employment Contract, among other things, directly or indirectly, (i) in Hong Kong, the PRC or the place where the Relevant Senior Executive resides, operates in 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 during the period of 12 months immediately preceding the last day of his service at the Company (the “Relevant Period”), (ii) solicit business to or conduct business with the Group’s restricted personnel, including customers, employees, consultants, senior staff, suppliers, investors of the Group or prospective customers, employees, consultants, senior staff, suppliers or investors who were in negotiation with the Group during the Relevant Period with a view to competing with any member of the Group or causing harm to the reputation of the Group or (iii) solicit or otherwise endeavour to entice away from the Group any employees with whom he had dealings during the Relevant Period.

#### **Severability**

In case any provision in the Employment Contract (including but not limited to any provision in relation to restraint of trade or non-compete undertaking) shall be held to be invalid or unenforceable by any court of competent jurisdiction, the enforceability of the remaining provisions shall not in any way be affected thereby.

#### **BIOGRAPHICAL DETAILS OF THE RELEVANT SENIOR EXECUTIVES**

For the biographical details of Mr. LIU, Mr. ZHU and Mr. MA, please refer to pages 15 to 17 of this circular. The biographical details of Mr. HUANG are set out below.

**Mr. HUANG Yong**, aged 54, is the Executive President of the Company since joining the Company in 2002. Mr. HUANG was appointed as an Executive Director of the Company in June 2013. He is responsible for the formulation and implementation of the Group’s overall strategies and plans and the Group’s development and operation. He is also a director of certain subsidiaries of the Company and a member of the Executive Committee. Mr. HUANG is the founder of the Company. Prior to joining the Company, Mr. HUANG worked at Shenzhen Nanyou (Holdings) Ltd.



(深圳市南油(集團)有限公司) and Asia Environmental Development Company Limited (亞洲環境發展有限公司). He graduated from Wuhan University with a Master's degree in Law, and has extensive experience in legal affairs and corporate management.

### **REASONS FOR THE 10-YEAR TERM OF APPOINTMENT OF THE EMPLOYMENT CONTRACTS**

Mr. LIU is the founder, Executive Chairman, Managing Director and President of the Company. He is responsible for the Group's overall strategic planning and development and operation. Under his strong and effective leadership, the Group has achieved rapid and healthy development in the past 15 years since 2002 when it began to invest in the PRC's gas industry and has grown into a large gas corporation which provides clean energy services to more than 20 million residential users and 210,000 industrial and commercial users, covering a combined urban population of more than 100 million, and it is now also the largest vertically integrated liquefied petroleum gas business operation service provider in the PRC. The Group is actively coordinating and cooperating with the PRC local governments at various levels to accelerate "coal-to-gas" conversion for residential, industrial and commercial users. In the coming years, natural gas demand from industrial and commercial users implementing "coal-to-gas" projects will continue to increase, which will become one of the important drivers of the growth in gas sales volume. Mr. LIU's continuous service and his insights into the PRC's energy industry development and outstanding leadership and management experience are crucial to the Group's development. Therefore, the Board believes that entering into a 10-year term employment contract with Mr. LIU will allow the Group to have a more stable management team to implement and consolidate the Group's long-term development strategies and further unlock the Group's growth potential and is in the interests of the Group and the Shareholders as a whole.

Mr. HUANG is the founder of the Company. He has been the Executive President of the Company since 2002 and was appointed as Executive Director of the Company in June 2013. He is responsible for the formulation and implementation of the Group's overall strategies and plans and the Group's development and operation. Mr. HUANG has contributed his sharp market insights, effective project development strategies and outstanding safety and operation management to the Group's proud performance in the industry. Mr. HUANG's continuous service and his abundant operation experience are crucial to the Group and will help ensure stable and excellent leadership in the process of development strategy implementation. Therefore, the Board believes that entering into a 10-year term employment contract with Mr. HUANG will allow the Group to have a more stable management team to implement and consolidate the Group's long-term development strategies and further unlock the Group's growth potential and is in the interests of the Group and the Shareholders as a whole.

Mr. ZHU is a Vice President and Executive Director of the Company and has been serving the Company since 2002. He is responsible for the Group's overall financial management, financing and capital management, and internal control matters. Mr. ZHU has facilitated the establishment of long-term partnerships between the Group and PRC and overseas financial institutions to provide strong financial support for the Group's project investment and stable operation. He has led the effective implementation of the Group's financing strategies and capital management strategies which have reduced financing costs and foreign exchange risks for the Group. Mr. ZHU has also led the establishment of a comprehensive financial internal control system in the Group to effectively manage the Group's financial risks in the process of rapid development. Mr. ZHU's continuous service and his abundant experience in financial and capital management, are crucial to the Group and will help ensure stable and excellent leadership in the implementation of the Group's financial strategies and internal control system and further improve the Group's governance and internal control for the benefit of the Group. Therefore, the Board believes that entering into a 10-year term employment contract with Mr. ZHU will allow the Group to have a more stable management team to implement and consolidate the Group's long-term development strategies and is in the interests of the Group and the Shareholders as a whole.

Mr. MA is a Vice President and Executive Director of the Company and has been serving the Company since 2002. He is responsible for the Group's overall human resources management and operations. He has made important contributions to the Group by establishing an efficient management team, implementing an effective compensation system, and continuously improving the professional skills and competence of employees at all levels. Mr. MA has abundant project management experience and currently also leads the Group's "coal-to-gas" conversion business in Northern China. Mr. MA's continuous service and contribution to the Group are crucial to the Group and will help ensure stable and excellent leadership in the implementation of the Group's human resources strategies for the benefit of the Group. Therefore, the Board believes that entering into a 10-year term employment contract with Mr. MA will allow the Group to have a more stable management team to implement and consolidate the Group's long-term development strategies and is in the interests of the Group and the Shareholders as a whole.

**CHINA GAS HOLDINGS LIMITED****中國燃氣控股有限公司\****(Incorporated in Bermuda with limited liability)***(Stock Code: 384)**

11 July 2017

*To the Shareholders*

Dear Sir or Madam,

**RELEVANT SENIOR EXECUTIVES' EMPLOYMENT CONTRACTS**

We have reviewed and considered the terms of the Employment Contracts for the purpose of advising you in respect of the Employment Contracts, details of which are set out in the circular issued by the Company to the Shareholders dated 11 July 2017 (the "Circular"), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We wish to draw your attention to the letter from the Board set out on pages 4 to 8 of the Circular.

Given the long-term development nature of the Group's business activities, we consider that a stable and core group of management team is essential to the Group's long-term growth and sustainability. Having taken into account the experience of each of the Relevant Senior Executives, their respective duties and responsibilities within the Group, their respective past performance and contribution to the Group, the Group's need to have a stable and core group of management team for the benefit of long-term for growth and sustainability and the prevailing market conditions, we consider that the terms of the Employment Contracts are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Accordingly, we recommend you to vote in favour of the ordinary resolutions to be proposed at the AGM to approve the Employment Contracts.

Yours faithfully,

For and on behalf of the Remuneration Committee

**Ms. WONG Sin Yue Cynthia****Dr. MAO Erwan****Mr. ZHAO Yuhua**

\* For identification purposes only

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## NOTICE OF AGM

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### 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 ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the annual general meeting (the “AGM”) of China Gas Holdings Limited (the “Company”) will be held at Renaissance Harbour View Hotel Hong Kong, Boardroom 3–4, Mezzanine Floor, 1 Harbour Road, Wanchai, Hong Kong at 10:00 a.m. on Thursday, 10 August 2017 for the following purposes:

#### AS ORDINARY BUSINESS

To consider and, if thought fit, pass with or without amendments, each of the following resolutions as ordinary resolutions:

1. To receive and approve the audited financial statements and the reports of the directors and the auditors of the Company for the year ended 31 March 2017;
2. To declare a final dividend of HK20 cents per share for the year ended 31 March 2017;
3. (a) To re-elect the following directors of the Company:
  - i. To re-elect Mr. LIU Ming Hui as an Executive Director of the Company;
  - ii. To re-elect Mr. ZHU Weiwei as an Executive Director of the Company;
  - iii. To re-elect Mr. MA Jinlong as an Executive Director of the Company;
  - iv. To re-elect Mr. Arun Kumar MANCHANDA as a Non-executive Director of the Company; and
  - v. To re-elect Mr. JIANG Xinhao as a Non-executive Director of the Company;
- (b) To authorise the board of directors of the Company (the “Board”) to fix the directors’ remuneration;

\* For identification purposes only

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## NOTICE OF AGM

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4. To re-appoint the auditors of the Company and to authorise the Board to fix the auditors' remuneration;

### AS SPECIAL BUSINESS

To consider and, if thought fit, pass with or without amendments, each of the following resolutions 5, 6, 7 and 8 as ordinary resolutions:

5. **“THAT:**

- (a) subject to paragraph (b) below, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as defined below) of all powers of the Company to repurchase shares of the Company on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and which is recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or of any other stock exchange (as applicable) as amended from time to time, subject to and in accordance with all applicable laws, rules and regulations and the Bye-laws of the Company, be and is hereby generally and unconditionally approved;

- (b) the aggregate nominal amount of shares of the Company which the Company is authorised to repurchase pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution and the said approval shall be limited accordingly; and

- (c) for the purpose of this resolution:

“Relevant Period” means the period from the time of passing of this resolution until whichever is 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 laws to be held; or
- (iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.”

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## NOTICE OF AGM

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6. **“THAT:**

- (a) subject to the following paragraphs of this resolution and subject to and in accordance with all applicable laws, rules and regulations and the Bye-laws of the Company, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares in the share capital of the Company and to make or grant offers, agreements, options and similar rights to subscribe for or convert any security into shares of the Company (including warrants, bonds, notes and debentures convertible into shares of the Company) be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period (as defined below) to make or grant offers, agreements and options (including warrants, bonds, notes and debentures convertible into shares of the Company) which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted or issued (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to:
  - (i) a Rights Issue (as defined below);
  - (ii) an issue of shares pursuant to any specific authority granted by shareholders of the Company in general meeting, including upon the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any bonds, notes, debentures convertible into shares of the Company;
  - (iii) the grant of options and the exercise of any option granted under any share option scheme or similar arrangement for the time being adopted by the Company and/or any of its subsidiaries;
  - (iv) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-laws of the Company; or
  - (v) any adjustment, after the date of grant or issue of any options, rights to subscribe for or convert any security into shares or other securities referred to above, in the price at which shares in the Company shall be subscribed, and/or in the number of shares in the Company which shall be subscribed, on exercise of relevant rights under such options, warrants or other securities, such adjustment being made in accordance with, or as contemplated by, the terms of such options, rights to subscribe or other securities, shall not exceed

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## NOTICE OF AGM

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aggregate of 20% of the nominal amount of the share capital of the Company in issue as at the date of this resolution and the said approval shall be limited accordingly; and

(d) for the purpose of this resolution:

“Relevant Period” means the period from the time of passing of this resolution until whichever is 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 laws to be held; or
- (iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.”

“Rights Issue” means an offer of shares of the Company or an issue of options, warrants or other securities giving the right to subscribe for shares of the Company, open for a period fixed by the Directors to holders of shares of the Company on the register of members on a fixed record date in proportion to their then holdings of such shares of the Company (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).”

7. “**THAT** conditional upon the passing of resolutions numbered 5 and 6 above set out in this notice, the general mandate granted to the Directors to issue, allot and deal with additional shares of the Company and to make or grant offers, agreements, options and similar rights to subscribe for or convert any security into shares in the Company pursuant to resolution numbered 6 set out in this notice be and is hereby extended by the addition to it of an amount representing the aggregate nominal amount of shares of the Company which are repurchased by the Company pursuant to and since the granting to the Company of the general mandate to repurchase shares in accordance with resolution numbered 5 set out in this notice, provided that such extended amount shall not exceed 10% of the aggregate nominal amount of shares of the Company in issue as at the date of the passing of this resolution.”

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8. “THAT

- (a) the employment contract dated 3 July 2017 between Mr. LIU Ming Hui and the Company, a copy of the same having been produced at the meeting marked “A” and signed by the chairman of the meeting for identification purposes, be and is hereby unconditionally approved, confirmed and ratified and that any one of the directors of the Company be and is hereby authorised to do such acts and things and to sign all documents and to take any steps which in his/her absolute discretion considered to be necessary, desirable or expedient to carry out or give effect to the provisions of the employment contract;
- (b) the employment contract dated 3 July 2017 between Mr. HUANG Yong and the Company, a copy of the same having been produced at the meeting marked “B” and signed by the chairman of the meeting for identification purposes, be and is hereby unconditionally approved, confirmed and ratified and that any one of the directors of the Company be and is hereby authorised to do such acts and things and to sign all documents and to take any steps which in his/her absolute discretion considered to be necessary, desirable or expedient to carry out or give effect to the provisions of the employment contract;
- (c) the employment contract dated 3 July 2017 between Mr. ZHU Weiwei and the Company, a copy of the same having been produced at the meeting marked “C” and signed by the chairman of the meeting for identification purposes, be and is hereby unconditionally approved, confirmed and ratified and that any one of the directors of the Company be and is hereby authorised to do such acts and things and to sign all documents and to take any steps which in his/her absolute discretion considered to be necessary, desirable or expedient to carry out or give effect to the provisions of the employment contract; and
- (d) the employment contract dated 3 July 2017 between Mr. MA Jinlong and the Company, a copy of the same having been produced at the meeting marked “D” and signed by the chairman of the meeting for identification purposes, be and is hereby unconditionally approved, confirmed and ratified and that any one of the directors of the Company be and is hereby authorised to do such acts and things and to sign all documents and to take any steps which in his/her absolute discretion considered to be necessary, desirable or expedient to carry out or give effect to the provisions of the employment contract.

On behalf of the Board  
**CHINA GAS HOLDINGS LIMITED**  
**ZHOU Si**  
*Chairman*

Hong Kong, 11 July 2017



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## NOTICE OF AGM

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*Principal Place of Business in Hong Kong:*

Room 1601  
16th Floor  
AXA Centre  
151 Gloucester Road  
Wanchai  
Hong Kong

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

*Notes:*

1. Any shareholder entitled to attend and vote at the above meeting (or at any adjournment thereof) is entitled to appoint one or, if he is a holder of more than one share, more proxies to attend and vote on his behalf. A proxy need not be a shareholder of the Company.
2. A form of proxy for use in connection with the AGM is enclosed with the Company's 2016/17 annual report (the "Annual Report"). In order 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 copy of such authority notarially certified must be deposited at the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be).
3. **For the purpose of determining the identity of the shareholders entitled to attend and vote at the AGM, the register of members of the Company will be closed from 7 August 2017 (Monday) to 10 August 2017 (Thursday) (both days inclusive), during which period no transfer of shares in the Company will be registered.** In order to qualify for attending and voting at the AGM to be held on 10 August 2017 (Thursday), 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 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 4 August 2017 (Friday).

**For the purpose of determining the entitlement of the shareholders to receive the proposed final dividend for the year ended 31 March 2017, the register of members of the Company will be closed from 16 August 2017 (Wednesday) to 18 August 2017 (Friday) (both days inclusive), during which period no transfer of shares will be registered.** Subject to approval of the shareholders at the AGM, the proposed final dividend will be payable on or about 29 September 2017 (Friday) to the shareholders whose names appear on the register of members of the Company on 18 August 2017 (Friday). In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 15 August 2017 (Tuesday).

4. Where there are joint holders of any shares, any one of such joint holders may vote at the meeting (or at any adjournment thereof) personally or by proxy in respect of such shares as if he was solely entitled thereto; but if more than one of such joint holders be present at the meeting, the vote of the senior holder who tenders a vote,

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whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

5. A circular containing the information regarding, among other things, the re-election of directors, the general mandates to issue and repurchase shares of the Company, are sent to the shareholders together with this notice and the Annual Report.
6. If there is a black rainstorm warning signal or a tropical cyclone warning signal number 8 or above in force at or after 7:00 a.m. on 10 August 2017 or if the Hong Kong Observatory has announced at or before 7:00 a.m. on 10 August 2017 that either of the above mentioned warnings is to be issued within the next two hours, the chairman of the AGM may propose for the AGM to be adjourned to a date which falls within 13 days from 10 August 2017 if (i) a quorum is present and the adjournment is consented to by the shareholders present; or (ii) a quorum is not present. If the meeting is so adjourned, the Company will make announcement regarding the adjourned meeting.
7. As at the date of this Notice, Mr. ZHOU Si, Mr. LIU Ming Hui, Mr. HUANG Yong, Mr. ZHU Weiwei, Mr. MA Jinlong and Ms. LI Ching are the Executive Directors, Mr. YU Jeong Joon (his alternate is Mr. KIM Yong Joong), Mr. LIU Mingxing, Mr. Arun Kumar MANCHANDA and Mr. JIANG Xinhao are the Non-executive Directors and Mr. ZHAO Yuhua, Dr. MAO Erwan, Ms. WONG Sin Yue Cynthia, Mr. HO Yeung and Ms. CHEN Yanyan are the Independent Non-executive Directors.