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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)

Rich Legend International Limited

(Incorporated in the British Virgin Islands with limited liability)

**Despatch of Offer Document for
Conditional voluntary general offer by
Macquarie Capital Securities Limited
on behalf of**

**Rich Legend International Limited, a wholly-owned subsidiary of
China Gas Holdings Limited**

**to acquire all of the issued shares in the share capital of
Zhongyu Gas Holdings Limited**

**(other than those shares already held by Rich Legend International Limited
and parties acting in concert with it)**

and

**to acquire all of the outstanding convertible bonds of Zhongyu Gas Holdings
Limited**

and

**for the cancellation of all the outstanding share options of
Zhongyu Gas Holdings Limited**

The Offer Document issued by China Gas and the Offeror, together with the accompanying forms of acceptance has been despatched by China Gas and the Offeror to the Zhongyu Shareholders, Zhongyu Bondholders and Zhongyu Optionholders on 17 May 2010.

Zhongyu Shareholders, Zhongyu Bondholders and Zhongyu Optionholders are advised to read the Offer Document carefully before deciding whether or not to accept the Offers.

The Offers will commence on 17 May 2010 and the latest time and date for the acceptance of the Offers is at 4:00 p.m. on 14 June 2010, unless the Offeror extends the Offers until such date as it may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code).

Reference is made to (i) the announcement dated 26 January 2010 jointly issued by the Offeror, China Gas and Zhongyu in relation to the proposed Offers, (ii) the announcement dated 1 March 2010 jointly issued by the Offeror, China Gas and Zhongyu in relation to the delay in despatch of the Composite Document, (iii) the announcement dated 21 April 2010 issued by the Offeror and China Gas in relation to the status of the Offers, and (iv) the announcement dated 7 May 2010 (the “**7 May Announcement**”) issued by the Offeror and China Gas in relation to the further delay in the despatch of the Offer Document. Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as those defined in the Joint Announcement and in the 7 May Announcement.

As stated in the 7 May Announcement, the Offeror and China Gas had on 6 May 2010 made the Review Application to the Panel for review of the Executive’s ruling on the Request, and that pending hearing of the Panel of the Review Application and the decision of the Panel, the Offeror and China Gas had applied to the Executive for consent under the requirement of Rule 8.2 of the Takeovers Code for, and the Executive has granted, a further extension of the deadline to despatch the Offer Document to 17 May 2010. On 13 May 2010, the Panel upheld the Executive’s ruling on the Request.

DESPATCH OF THE OFFER DOCUMENT

The Offer Document together with the accompanying forms of acceptance in respect of the Share Offer, the Convertible Bond Offer and the Option Offer, has been despatched to the Zhongyu Shareholders, Zhongyu Bondholders and Zhongyu Optionholders on 17 May 2010.

In accordance with the Takeovers Code, the Response Document is required to be sent to the Zhongyu Shareholders, Zhongyu Bondholders and Zhongyu Optionholders within 14 days from the posting of the Offer Document, unless the Executive consents to a later date and the Offeror agrees to extend the First Closing Date by the number of days in respect of which the delay in the posting of the Response Document is agreed. Zhongyu Shareholders, Zhongyu Bondholders and Zhongyu Optionholders are advised to read the Offer Document carefully before deciding whether or not to accept the Offers.

EXPECTED TIMETABLE

The Offers will commence on 17 May 2010 and the latest time and date for the acceptance of the Offers is at 4:00 p.m. on 14 June 2010, unless the Offeror extends the Offers until such date as it may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). China Gas and the Offeror will issue a press announcement in relation to any extension of the Offers, which will state the next closing date or, if the Offers have become or are at that time unconditional, that the Offers will remain open until further notice.

The timetable set out below is indicative and is subject to change. Any changes to the timetable will be announced by the Offeror. All time and date references contained in the Offer Document refer to Hong Kong time.

Despatch date of the Offer Document and the commencement of the Offers (<i>Note 1</i>)	Monday, 17 May 2010
Latest date for Zhongyu to post the Response Document to the Zhongyu Shareholders, Zhongyu Bondholders and Zhongyu Optionholders (<i>Note 2</i>)	Monday, 31 May 2010
Latest time and date for acceptance of the Offers (<i>Note 3</i>)	4:00 p.m. on Monday, 14 June 2010
First Closing Date (<i>Note 3</i>)	Monday, 14 June 2010
Announcement of the result of the Offers, as at the First Closing Date, on the website of the Stock Exchange and the website of China Gas by	7:00 p.m. on Monday, 14 June 2010
Latest date for posting of share certificates and cheques to the Zhongyu Shareholders, Zhongyu Bondholders and Zhongyu Optionholders who accepted the Offers on or before the First Closing Date, assuming the Offers become or are declared unconditional on the First Closing Date (<i>Note 4</i>)	Thursday, 24 June 2010
Latest time and date for the Offers remaining open for acceptance assuming the Offers become or are declared unconditional on the First Closing Date (<i>Note 5</i>).	4:00 p.m. on Monday, 28 June 2010

Latest date for posting of share certificates and cheques to the Zhongyu Shareholders, Zhongyu Bondholders and Zhongyu Optionholders who accepted the Offers on Monday, 28 June 2010, being the latest date which the Offers remain open for acceptance assuming the Offers become or are declared unconditional on the First Closing Date (*Note 4*) Thursday, 8 July 2010

Latest time by which the Offers can become or be declared unconditional as to acceptances (*Note 6*) 7:00 p.m. on Friday, 16 July 2010

Notes:

- (1) The Offers are made on Monday, 17 May 2010, namely the date of posting of the Offer Document, and are capable of being accepted on and from that date.
- (2) In accordance with the Takeovers Code, where the Response Document is posted after the date on which the Offer Document is posted, Zhongyu is required to post the Response Document to Zhongyu Shareholders, Zhongyu Bondholders and Zhongyu Optionholders within 14 days from the posting of the Offer Document, unless the Executive consents to a later date and the Offeror agrees to extend the First Closing Date by the number of days in respect of which the delay in the posting of the Response Document is agreed.
- (3) In accordance with the Takeovers Code, where the Response Document is posted after the date on which the Offer Document is posted, the Offers must remain open for acceptance at least 28 days following the date on which the Offer Document is posted. The Offeror has the right, subject to the Takeovers Code, to extend the Offers until such date as it may determine or as permitted by the Executive, in accordance with the Takeovers Code.
- (4) The consideration payable for the Zhongyu Shares, Convertible Bonds and the Share Options under the Offers will be posted by ordinary post to the Zhongyu Shareholders, the Zhongyu Bondholders or the Zhongyu Optionholders, respectively, accepting the Offers at their own risk, as soon as possible, but in any event within 10 days of the later of: (i) the date of receipt by the Receiving Agent of all the relevant documents to render the acceptance under the Offers complete and valid, and (ii) the date the Offers become, or are declared, unconditional in all respects.
- (5) In accordance with the Takeovers Code, where the Offers become or are declared unconditional in all respects, the Offers should remain open for acceptance for not less than 14 days thereafter. In such case, at least 14 days' notice in writing must be given before the Offers are closed to the Zhongyu Shareholders, the Zhongyu Bondholders and the Zhongyu Optionholders who have not accepted the Offers. The Offeror has the right, subject to the Takeovers Code, to extend the Offers until such date as it may determine or as permitted by the Executive, in accordance with the Takeovers Code. The Offeror will issue a press announcement in relation to any extension of the Offers, which will state the next closing date or, if the Offers have become or are at that time unconditional, that the Offers will remain open until further notice. **The Option Offer and the Convertible Bond Offer are subject to and conditional upon the Share Offer becoming or being declared unconditional in all respects.**

- (6) In accordance with the Takeovers Code, except with the consent of the Executive, the Offers may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the day the Offer Document was posted. Where a period laid down by the Takeovers Code ends on a day which is not a Business Day, the period is extended until the next Business Day. Accordingly, unless the Offers have previously become or are declared unconditional as to acceptances, the Offers will lapse after 7:00 p.m. on Friday, 16 July 2010, unless extended with the consent of the Executive.

By order of the board of
China Gas Holdings Limited
Liu Ming Hui
Managing Director

By order of the board of
Rich Legend International Limited
Liu Ming Hui
Director

Hong Kong, 17 May 2010

* *For identification purpose only*

The directors of each of China Gas and the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.

As at the date of this announcement, the board of directors of China Gas comprises 13 directors, of whom Mr. Li Xiao Yun (Chairman), Mr. Xu Ying (Vice-Chairman), Mr. Liu Ming Hui (Managing Director), Mr. Zhu Wei Wei and Mr. Ma Jin Long are executive directors, Mr. Feng Zhuo Zhi, Mr. Joe Yamagata, Mr. R.K. Goel, Mr. Moon Duk Kyu and Mr. Mulham Al Jarf are non-executive directors, Mr. Zhao Yu Hua, Dr. Mao Er Wan and Ms. Wong Sin Yue Cynthia are independent non-executive directors.

As at the date of this announcement, the board of directors of the Offeror comprises 3 directors, namely Mr. Xu Ying, Mr. Liu Ming Hui and Mr. Zhu Wei Wei.