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If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker, bank manager, solicitors, professional accountant or other professional adviser.

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

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中裕燃氣控股有限公司

ZHONGYU GAS HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3633)

**GENERAL MANDATES FOR THE ISSUE OF NEW SHARES
AND THE REPURCHASE OF SHARES
AND
TERMINATION OF THE EXISTING SHARE OPTION SCHEME AND
ADOPTION OF THE NEW SHARE OPTION SCHEME
AND
RE-ELECTION OF RETIRING DIRECTORS
AND
CONTINUOUS APPOINTMENT OF INDEPENDENT NON-EXECUTIVE
DIRECTOR WHO HAS SERVED MORE THAN NINE YEARS**

A notice convening the AGM (as defined herein) to be held at Units 04-06, 28th Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on Friday, 3 May 2013 at 11:00 a.m. is set out on page 26 to page 30 of this circular.

A form of proxy for use at the AGM is enclosed herewith. Whether or not you propose to attend the AGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company (as defined herein) in Hong Kong, Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the AGM. Completion and return of the form of proxy will not preclude you from attending and voting at the AGM should you so wish.

28 March 2013

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DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions have the following meanings:

“AGM”	the annual general meeting of the Company to be held at Units 04-06, 28th Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on Friday, 3 May 2013 at 11:00 a.m. at which, among other matters, the Annual Report will be adopted
“Annual Report”	the audited consolidated financial statements of the Group and the reports of the directors and independent auditor of the Company for the year ended 31 December 2012
“Articles of Association”	the articles of association of the Company as may be amended from time to time
“associates”	has the same meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday and Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for business
“China Gas”	means China Gas Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 384). As at the Latest Practicable Date, China Gas holds approximately 44.05% of the issued share capital of the Company
“Company”	Zhongyu Gas Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on Main Board
“connected person”	has the same meaning ascribed to it in the Listing Rules
“Date of Grant”	in respect of an Option and unless otherwise specified in the letter of grant; the Business Day on which the Board resolves to make an Offer to a Participant, whether or not the Offer is subject to Shareholders' approval on the terms of the New Share Option Scheme
“Director(s)”	the director(s) of the Company
“Existing Share Option Scheme”	the share option scheme adopted by the Company on 24 October 2003

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“General Mandates”	the New Issue Mandate and the Repurchase Mandate
“Grantee”	any Participant who accepts an offer for the grant of an Option in accordance with the terms of the New Share Option Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee or the legal personal representative of such person
“Group”	the Company and its subsidiaries
“Hezhong”	Hezhong Investment Holding Company Limited, a company incorporated in the BVI with limited liability and is wholly owned by Mr. Wang Wenliang. Mr. Wang Wenliang is also director of the Company. As at the Latest Practicable Date, Hezhong holds approximately 22.48% of the issued share capital of the Company. Hezhong is an investment holding company
“Hong Kong”	the Hong Kong Special Administrative Region of People’s Republic of China
“Independent Third Party”	independent third party not connected with the directors, chief executive, substantial shareholders or management shareholders of the Company, their respective subsidiaries or an associate of any of them as at and prior to the Latest Practicable Date
“Latest Practicable Date”	22 March 2013, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information in this circular
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the Main Board of the Stock Exchange
“New Issue Mandate”	the general mandate to allot, issue and deal with up to 504,801,536 Shares which represents slightly less than 20% of the issued share capital of the Company as at the date of passing of the resolution approving the New Issue Mandate
“New Share Option Scheme”	the share option scheme which is proposed to be adopted by the Company at the AGM, further information and a summary of the principal terms of which are set out in Appendix III to this circular
“Option(s)”	option(s) granted or to be granted to Participant(s) to subscribe for Shares under the New Share Option Scheme

DEFINITIONS

“Option Offer”	means the voluntary conditional cash and securities exchange offer for share options in the Company made pursuant to the offer document dated 17 May 2010 issued by Rich Legend International Limited and China Gas to all Shareholders, bondholders and option holders of the Company, in accordance with the Takeovers Code
“Option Period”	in respect of any particular Option, the period to be determined and notified by the Board to the Grantee at the time of making an Offer which shall not expire later than 10 years from the Date of Grant
“Participants”	Directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group
“PRC”	People’s Republic of China
“Repurchase Mandate”	the general mandate to exercise the power of the Company to repurchase Shares up to a maximum of 252,400,768 Shares which represents slightly less than 10% of the issued share capital of the Company as at the date of the resolution approving the Repurchase Mandate
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of nominal value of HK\$0.01 each in the share capital of the Company
“Share Offer”	means the voluntary conditional cash and securities exchange offer for Shares made pursuant to the offer document dated 17 May 2010 issued by Rich Legend International Limited and China Gas to all Shareholders, bondholders and optionholders of the Company, in accordance with the Takeovers Code
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers approved by the Commission, as amended from time to time

DEFINITIONS

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent.

LETTER FROM THE BOARD



中裕燃氣控股有限公司

ZHONGYU GAS HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3633)

Executive Directors:

Mr. Wang Wenliang *(Chairman and Joint Managing Director)*

Mr. Lui Siu Keung

(Joint Managing Director and Chief Financial Officer)

Mr. Lu Zhaoheng

Non-executive Director:

Mr. Xu Yongxuan *(Vice Chairman)*

Independent non-executive Directors:

Mr. Li Chunyan

Dr. Luo Yongtai

Mr. Hung, Randy King Kuen

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

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

Units 04-06, 28th Floor

China Merchants Tower,

Shun Tak Centre

168-200 Connaught Road Central,

Hong Kong

28 March 2013

To the Shareholders

Dear Sir or Madam,

**GENERAL MANDATES FOR THE ISSUE OF NEW SHARES
AND THE REPURCHASE OF SHARES
AND
TERMINATION OF THE EXISTING SHARE OPTION SCHEME AND
ADOPTION OF THE NEW SHARE OPTION SCHEME
AND
RE-ELECTION OF RETIRING DIRECTORS
AND
CONTINUOUS APPOINTMENT OF INDEPENDENT NON-EXECUTIVE
DIRECTOR WHO HAS SERVED MORE THAN NINE YEARS**

1. INTRODUCTION

The purpose of this circular is to provide you with information regarding the resolutions to be proposed at the AGM to enable the Shareholders to make an informed decision on whether to vote for or against the resolutions.

LETTER FROM THE BOARD

At the annual general meeting of the Company held on 16 April 2012, the Directors were granted unconditional mandate to:

- (i) allot, issue and deal with unissued Shares not exceeding 20% of the issued share capital of the Company as at the date of passing such resolution;
- (ii) repurchase Shares not exceeding 10% of the total nominal value of the share capital of the Company in issue at the date of passing such resolution;
- (iii) issue mandate set out in (i) above be extended to the number of Shares repurchased by the Company pursuant to the repurchase mandate set out in (ii) above; and
- (iv) refresh the current scheme mandate limit under the share option scheme not exceeding 10% of the issued capital of the Company as at the date of passing such resolution.

The above general mandate will expire at the conclusion of the AGM and the purpose of this circular is to request your support to approve and extend the General Mandates as well as termination of the Existing Share Option Scheme and adoption of the New Share Option Scheme at the AGM.

Appendix II to this circular contains an explanatory statement, as required by Rule 10.06(1)(b) and other relevant provisions of the Listing Rules, to provide the requisite information to the Shareholders to enable the Shareholders to make an informed decision on whether to vote for or against the resolution to grant the Repurchase Mandate.

The Board also proposes to re-elect retiring Directors.

2. GENERAL MANDATE FOR THE ISSUE OF NEW SHARES

At the AGM, an ordinary resolution will be proposed which, if passed, will give the Directors the New Issue Mandate to allot, issue and deal with up to 504,801,536 Shares, representing slightly less than 20% of the issued share capital of the Company as at the date of the passing of the resolution approving the New Issue Mandate until the conclusion of the next annual general meeting of the company, or the date by which the next annual general meeting of the company is required by the Articles of Association or any applicable law of the Cayman Islands to be held or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to the Directors, whichever occurs first in order to provide flexibility for issuing new Shares when it is in the interests of the Company. In addition, an ordinary resolution will be proposed to extend the New Issue Mandate by adding to it the nominal amount of the share capital of the Company repurchased by the Company subsequent to the passing of such resolution.

3. GENERAL MANDATE FOR THE REPURCHASE OF SHARES

An ordinary resolution will be proposed at the AGM to grant to the Directors the Repurchase Mandate. The Shares which may be repurchased pursuant to the Repurchase Mandate is limited to a maximum of 252,400,768 Shares which represents slightly less than 10% of the issued share capital of the Company at the date of the passing of the resolution approving the Repurchase Mandate until the conclusion of the next annual general meeting of the company, or the date by which the next annual general meeting of the

LETTER FROM THE BOARD

company is required by the Articles of Association or any applicable law of the Cayman Islands to be held or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to the Directors, whichever occurs first.

Details of the aforesaid ordinary resolutions are set out in ordinary resolutions numbered 4, 5 and 6 in the notice of AGM.

4. TERMINATION OF THE EXISTING SHARE OPTION SCHEME AND ADOPTION OF THE NEW SHARE OPTION SCHEME

The Existing Share Option Scheme was adopted on 24 October 2003, and has a term of 10 years from the adoption date which is due to expire on 23 October 2013.

The Board has resolved to conditionally terminate the Existing Share Option Scheme prior to its expiry subject to the adoption of the New Share Option Scheme by the Shareholders at the AGM and upon satisfaction of all conditions precedent as set out below.

Conditions of the New Share Option Scheme

The New Share Option Scheme is conditional upon:

- (a) the passing of an ordinary resolution to approve and adopt the New Share Option Scheme by the Shareholders at the AGM and to authorise the Board to administer the New Share Option Scheme, to grant Options thereunder and to allot, issue and deal with the Shares which fall to be issued by the Company pursuant to the exercise of the Options under the New Share Option Scheme; and
- (b) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, such number of Shares to be issued by the Company pursuant to the exercise of the Options which may be granted in accordance with the terms and conditions of the New Share Option Scheme.

Application will be made to the Listing Committee of the Stock Exchange for the approval referred to in (b) above.

Upon satisfaction of the conditions above, the Existing Share Option Scheme will be terminated to the extent that no further options will be offered or granted under the Existing Share Option Scheme. However, all the existing options previously granted but unexercised under the Existing Share Option Scheme will remain valid and exercisable in accordance with their terms of issue after the termination of the Existing Share Option Scheme.

Reasons for adopting the New Share Option Scheme

Since the grant of any option is a long term event, the Board considers it is appropriate to adopt the New Share Option Scheme to replace the Existing Share Option Scheme which will expire on 23 October 2013. Should the Board propose the adoption of a new share option scheme in the annual

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general meeting to be held in 2014, there may be a period during which the Existing Share Option Scheme will have already expired, but a new share option scheme has not yet been approved. Therefore, the Board proposes to recommend to Shareholders to approve and adopt the New Share Option Scheme at the coming AGM to ensure continuity of the Company's share option schemes, and so that options may be granted to Participants pursuant to the terms thereof. The purpose of the New Share Option Scheme is to reward Participants who have contributed or will contribute to the Group and to encourage Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole.

As at the Latest Practicable Date and save for the Existing Share Option Scheme and the New Share Option Scheme, the Company had not adopted any other share option schemes.

Further details of the New Share Option Scheme

The terms of the New Share Option Scheme provide that in granting Options under the New Share Option Scheme, the Board may offer to grant any Options subject to such terms and conditions in relation to the minimum period the Options need to be held and/or the performance criteria to be satisfied before such Options can be exercised and/or any other terms as the Board may determine in its absolute discretion, subject to compliance with the terms of the New Share Option Scheme. The Board will also determine the subscription price in respect of any Option in accordance with the terms of the New Share Option Scheme, which must be at least the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share. By setting the minimum period of the Options to be held (if any), the subscription price and performance targets (if any), the Grantees are offered an opportunity to participate in the Company's future stock performance through grants of Options, the relevant Grantee will be motivated to work towards the contribution to the continued growth and the success of the Group. This serves the purpose of the New Share Option Scheme. None of the Directors are trustees of the New Share Option Scheme and the Company does not at present intend to appoint a trustee to the New Share Option Scheme.

A summary of the principal terms of the New Share Option Scheme is set out in Appendix III to this circular. A copy of the New Share Option Scheme will be available for inspection during normal business hours on any weekdays (except public holidays) at the office of the Company at Units 04-06, 28th Floor, China Merchant Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong from 9 April 2013 up to and including the date of the AGM.

Value of Options

The Directors consider that it is not appropriate to state the value of all Options that can be granted pursuant to the New Share Option Scheme as if they had been granted at the Latest Practicable Date. The Directors believe that any statement regarding the value of the Options as at the Latest Practicable Date will be based on a large number of speculative assumptions and would therefore not be meaningful to the Shareholders, taking into account the number of variables which are crucial for

LETTER FROM THE BOARD

the calculation of the value of the Options which have not been determined. Such variables include the subscription price, the option period, any lock-up period, any performance targets that may be set and other relevant variables.

Subject to the obtaining of Shareholders' approval with respect to the adoption of the New Share Option Scheme and satisfaction of all conditions precedent of the New Share Option Scheme, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 10% of the issued share capital of the Company as at the date of approval of the New Share Option Scheme.

As at the Latest Practicable Date, there were 2,524,007,684 Shares in issue. Assuming no Shares will be issued or repurchased from the Latest Practicable Date to the date of the AGM on which the New Share Option Scheme is expected to be adopted by the Shareholders, and subject to the New Share Option Scheme becoming effective, the Company may grant Options under the New Share Option Scheme and any other share option schemes of the Company in respect of which up to 252,400,768 Shares, representing 10% of the Shares in issue as at the date of the AGM, may be issued.

Further, no options will be granted which would result in the maximum aggregate number of Shares which may be issued upon exercise of all outstanding options granted but yet to be exercised under the New Share Option Scheme, the existing options granted under the Existing Share Option Scheme and any other share option schemes adopted by the Company which provide for the grant of options to acquire or subscribe for Shares exceeding, in aggregate, 30% of the issued share capital of the Company from time to time.

As at the Latest Practicable Date, there were 3,000,000 options granted under the Existing Share Option Scheme which shall in all respects remain valid and outstanding notwithstanding the termination of the Existing Share Option Scheme. Save as disclosed above, there were no other outstanding options, warrants or convertible securities to subscribe for Shares as at the Latest Practicable Date.

As at the Latest Practicable Date, the remaining balance of options that can be granted under the Existing Share Option Scheme prior to the effective of the New Share Option Scheme is 249,300,768 options.

5. RE-ELECTION OF RETIRING DIRECTORS AND CONTINUOUS APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR WHO HAS SERVED MORE THAN NINE YEARS

Pursuant to Article 86 (3) of the Articles of Association, any Director so appointed by the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Accordingly, Mr. Wang Wenliang ("Mr. Wang"), Mr. Li Chunyan ("Mr. Li") and Dr. Luo Yongtai ("Dr. Luo") will retire from office as Directors by rotation at the AGM and being eligible, offer themselves for re-election. Set out below are the details of the Directors proposed to be re-elected:

LETTER FROM THE BOARD

Mr. Wang Wenliang, aged 42, is the Chairman and the Joint Managing Director of the Company. He was appointed as an executive Director on 10 July 2003 and is responsible for the overall strategic development of the Group. Mr. Wang has held investments in various industries in the PRC including aluminium, property, and information technology. Mr. Wang was a deputy general manager of a company in Zhengzhou, PRC (whose principal business is the manufacture and sale of aluminium products) between 1996 and 1999 and was a deputy general manager of a company in Henan Province, the PRC (whose principal business is property management and rental) between 1997 and 2000. Mr. Wang was also a president of a company in Henan Province, the PRC between 2000 and 2005, the principal business of which is the provision of software development, networking engineering services, sale of computer and peripheral products, and provision of Internet services. Mr. Wang was an executive director of China Gas between 17 January 2003 and 10 June 2003. Mr. Wang completed his postgraduate course in Finance in the Graduate School of Chinese Academy of Social Sciences in the PRC in June 2001. Mr. Wang is the sole shareholder, a chairman and director of Hezhong Investment Holding Company Limited (“Hezhong”), which is a substantial shareholder (as defined in the Listing Rules) of the Company.

As at the Latest Practicable Date, Mr. Wang is directly interested in 11,166,000 Shares and indirectly interested in 567,453,542 Shares through Hezhong. Save as disclosed above, Mr. Wang does not have any interest in the Shares within the meaning of Part XV of the SFO.

Mr. Li Chunyan, aged 49, is an independent non-executive Director, Chairman of Audit Committee and Remuneration Committee of the Company. He was appointed as an independent non-executive Director on 5 October 2010. He is currently a registered lawyer at Henan Shi Ji Tong Law Office (河南世紀通律師事務所) and is also a registered accountant, registered assets valuer and registered tax adviser in the PRC. Mr. Li acted as legal adviser or independent non-executive director to the Henan Provincial People’s Hospital, the Henan Province Television Station and other listed companies listed in the PRC and overseas. He was the independent non-executive director of Henan Pinggao Electric Co. Ltd., a company listed on the Shanghai Stock Exchange (stock code: 600312) from March 2008 to the present. He is a non-executive director of China CBM Group Limited (stock code: 578).

As at the Latest Practicable Date, Mr. Li has share options under the Existing Share Option Scheme with the right to subscribe for 1,000,000 Shares. Save as disclosed above, Mr. Li does not have any interest in the Shares within the meaning of Part XV of the SFO.

Dr. Luo Yongtai, aged 66, is an independent non-executive Director, a member of the Audit Committee and Remuneration Committee of the Company. He was appointed as an independent non-executive Director on 31 July 2003. He is a professor in management of Tianjin University of Finance and Economics, a counselor of the Tianjin City People’s Government Counselors’ Office, the deputy supervisor of the People’s Republic of China System Engineering Committee and also held positions in various professional organisations. Dr. Luo is a beneficiary of the Expert Special Subsidy granted by the State Council of the PRC and has been engaged in various national and provincial projects in recent years. Dr. Luo is also an independent director of Sichuan Datong Gas Development Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 000593) from November 2008 to the present and an independent non-executive director of Tianjin Binhai Teda Logistics (Group) Corporation Limited, a company listed on the GEM (stock code: 8348) from September 2006 to the present.

LETTER FROM THE BOARD

As at the Latest Practicable Date, Dr. Luo has share options under the Existing Share Option Scheme with the right to subscribe for 1,000,000 Shares. Save as disclosed above, Dr. Luo does not have any interest in the Shares within the meaning of Part XV of the SFO.

According to Appendix 14 to the Listing Rules, it is recommended that serving more than nine years could be relevant to the determination of a non-executive director's independence.

If an independent non-executive director serves more than nine years, any further appointment of such independent non-executive director should be subject to a separate resolution to be approved by shareholders.

Dr. Luo has been appointed as an independent non-executive Director since 31 July 2003 and should he be re-elected at the AGM, he may continue to serve the Company for more than nine years. The Company has received from Dr. Luo confirmation of independence according to Rule 3.13 of the Listing Rules. Dr. Luo has not engaged in any executive management of the Group. Taking into consideration of his independent scope of work in the past years, the Board considers Dr. Luo to be independent under the Listing Rules despite the fact that he has served the Company for more than nine years. The Board believes that Dr. Luo's continued tenure brings considerable stability as he has over time gained valuable insight into the operations and management of the Group.

Save as disclosed above herein, at the Latest Practicable Date, all of Mr. Wang, Mr. Li and Dr. Luo do not hold any other position with the Group and do not hold any directorship in any other listed companies in Hong Kong or overseas in the last three years. They have no relationships with any Directors, senior management or substantial or controlling shareholders of the Company.

There are service contracts entered into between all of Mr. Wang, Mr. Li and Dr. Luo and the Company on 11 July 2012. The term of appointment for all of Mr. Wang, Mr. Li and Dr. Luo is three years and they are subject to retirement by rotation and re-election in accordance with the Articles of Association. All of Mr. Wang, Mr. Li and Dr. Luo are entitled to a director's fee as determined by the Remuneration Committee of the Company with reference to their duties and responsibilities within the Group, the Company's remuneration policy and the prevailing market condition. Total director's fee paid to each of Mr. Wang, Mr. Li and Dr. Luo for the year ended 31 December 2012 was as follows:

Name of Directors	Total director's fee or emoluments paid for the year ended 31 December 2012 <i>HK\$'000</i>
Mr. Wang	3,688
Mr. Li	180
Dr. Luo	180

Save as disclosed above herein, there is no other information which needs to be brought to the attention of the Shareholders or is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

LETTER FROM THE BOARD

6. AGM

A notice of the AGM is set out on pages 26 to 30 of this circular.

A form of proxy for use at the AGM is enclosed herewith. Whether or not you propose to attend the AGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the AGM. Completion and return of the form of proxy will not preclude you from attending and voting at the AGM should you so wish.

7. VOTING BY POLL

Under Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the ordinary resolutions proposed at the AGM will also be taken by poll. A poll results announcement will be made by the Company after the AGM in accordance with Rule 13.39(5) of the Listing Rules. As at the Latest Practicable Date, no Shareholder is required to abstain from voting under the Listing Rules in respect of any of the ordinary resolutions proposed at the AGM.

8. 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 and recommend the Shareholders to vote in favour of all the relevant ordinary resolutions to be proposed set out in the notice of the AGM.

Yours faithfully,
By Order of the Board of
ZHONGYU GAS HOLDINGS LIMITED
Wang Wenliang
Chairman

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

This is an explanatory statement given to all Shareholders relating to the resolution to be proposed at the AGM authorising the Repurchase Mandate. This explanatory statement contains all the information required pursuant to Rule 10.06(1)(b) and other relevant provisions of the Listing Rules which is set out as follows:

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 2,524,007,684 Shares.

Subject to the passing of ordinary resolution numbered 5 as set out in the notice of AGM and on the basis that no further Shares are repurchased prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 252,400,768 Shares representing slightly less than 10% of the issued share capital of the Company, during the period from the passing of the resolution until (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws of the Cayman Islands to be held; or (iii) the revocation, variation or renewal of the Repurchase Mandate by ordinary resolution of the Shareholders in general meeting, whichever occurs first.

As at the Latest Practicable Date, the Directors do not propose to exercise the Repurchase Mandate to repurchase any Shares.

2. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders for the Directors to have general authority from Shareholders to enable the Company to repurchase Shares in the market. Repurchases of Shares will only be made when the Directors believe that such repurchase will benefit the Company and the Shareholders as a whole. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or the earnings per Share.

3. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the memorandum and articles of association of the Company, the Listing Rules and the applicable laws of the Cayman Islands. The Company may not repurchase its own Shares on Main Board for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

4. GENERAL

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited consolidated financial statements of the Group contained in the Annual Report) in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

5. SHARE PRICES

The highest and lowest prices at which the Shares had been traded on GEM in each of the twelve calendar months immediately preceding the date of this circular were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
March 2012	0.980	0.700
April 2012	1.000	0.870
May 2012	0.930	0.860
June 2012	0.990	0.890
July 2012	0.980	0.870
August 2012	1.280	0.910
September 2012	1.280	1.100
October 2012	1.650	1.140
November 2012	1.550	1.320
December 2012	1.560	1.310
January 2013	1.750	1.320
February 2013	2.080	1.490
March 2013 (up to the Latest Practicable Date)	2.930	2.000

6. DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the memorandum and articles of association of the Company and the applicable laws of the Cayman Islands.

None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, any of their associates has notified the Company of any present intention, if the Repurchase Mandate is approved by the Shareholders, to sell Shares to the Company or its subsidiaries.

No connected person has notified the Company that it has a present intention to sell Shares to the Company, or has undertaken not to do so, in the event that the Repurchase mandate is approved by the Shareholders.

7. TAKEOVERS CODE CONSEQUENCE

If a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the Shareholder's interests, 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.

In the event that the Directors exercise in full the power to purchase Shares in accordance with the Repurchase Mandate, the total interests of the following substantial Shareholders in the Shares before and after the repurchase of Shares would be as follows:

Name of substantial Shareholders	<i>Notes</i>	Number of Shares and/or underlying Shares	Approximate percentage of interest as at the Latest Practicable Date	Approximate percentage of interest after the exercise in full of the Repurchase Mandate
China Gas	<i>1</i>	1,111,934,142	44.05%	48.9%
Rich Legend International Limited	<i>1</i>	1,111,934,142	44.05%	48.9%
Hezhong	<i>2</i>	567,453,542	22.48%	25.0%
Mr. Wang Wenliang	<i>3</i>	578,619,542	22.92%	25.5%

Notes:

1. According to the disclosure of interests pages as shown in the website of the Stock Exchange as at the Latest Practicable Date, China Gas controlled 100% of Rich Legend International Limited. Apart from the information ascertained in the disclosure of interest pages as shown in the website of the Stock Exchange, the Company has no further information. This does not include an interest in 568,619,542 Shares which based on such disclosure, we not held beneficially by Rich Legend but are held by Rich Legend in a capacity described as “other” in the relevant disclosure of interests pages.
2. Hezhong is beneficially interested in 567,453,542 shares. Mr. Wang Wenliang is beneficially interested in 100% of the issued share capital of Hezhong.
3. Among these Shares and/or underlying Shares, 567,453,542 Shares are held by Hezhong. Mr. Wang Wenliang is beneficially interested in 100% of the issued share capital of Hezhong. The remaining 11,166,000 Shares are directly held by Mr. Wang Wenliang.

In the opinion of the Directors, such an increase of shareholding may give rise to an obligation for Rich Legend and China Gas to make a mandatory offer under Rule 26 of the Takeover Code. The Directors do not have any present intention to exercise the Repurchase Mandate to such an extent as could give rise to such an obligation.

Save as aforesaid in this circular, the Directors are not aware of any consequence which may arise under the Takeovers Code as a consequences of any purchase made under the Repurchase Mandate. However, the Company may not repurchase Shares which would result in the amount of Shares held by the public being reduced to less than 25% being the minimum prescribed percentage for the Company as required by the Stock Exchange.

8. SHARES REPURCHASE MADE BY THE COMPANY

No repurchases of Shares had been made by the Company (whether on Main Board or otherwise) during the period from the six calendar months immediately preceding the date of this circular.

The following is a summary of the principal terms of the New Share Option Scheme:

(A) PURPOSE

The purpose of the New Share Option Scheme is to reward Participants who have contributed or will contribute to the Group and to encourage Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole.

(B) WHO MAY JOIN

Participants of the New Share Option Scheme comprise of any Directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of the Group, any director or employee of a company or entity in which the Group has invested in and any advisors (professional or otherwise), consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, any director or employee of any service providers of any member of the Group who the Board considers, in its sole discretion, have contributed to or will contribute to the Group.

The Board may, at its absolute discretion, shall be entitled to make an Offer to any Participant to take up Options at a price calculated in accordance with paragraph (d) below. The Offer shall specify the terms on which the Option is granted. Such terms may at the discretion of the Board, include among either things, (i) the minimum period for which an Option must be held before it can be exercised; and/or (ii) a performance target that must be reached before the Option can be exercised in whole or in part; and (iii) any other terms, all of which may be imposed (or not imposed) either on a case-by-case basis or generally. An Offer shall remain open for acceptance by the Participant concerned for a period of 28 days from the Date of Grant provided that no such Offer shall be open for acceptance after the expiry of the Option Period or after the New Share Option Scheme is terminated or after the Participant has ceased to be a Participant. An Option shall be regarded as having been accepted when the Company receives from the Grantee the duplicate of the offer letter, comprising acceptance of the Offer, duly signed by the Grantee together with a remittance in favour of the Company of HK\$1.00 as consideration for the grant of Option. Such remittance is not refundable in any circumstances.

Save as may be otherwise determined by the Board from time to time, there is no minimum period for which an Option must be held or any performance target that must be achieved before an Option can be exercised under the terms of the New Share Option Scheme.

(C) GRANT OF OPTIONS TO CONNECTED PERSONS OR ANY OF THEIR ASSOCIATES

Any grant of Options to any Director, chief executive or substantial shareholder (as such term as defined in the Listing Rules) of the Company, or any of their respective associates under the New Share Option Scheme or any other share option schemes of the Company or any of its subsidiaries shall be subject to the prior approval of the independent non-executive Directors (excluding independent non-executive Directors who are the proposed Grantees of the Options in question). Where any grant of Options to a substantial shareholder or an independent non-executive director of the Company, or any of their respective

associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled or outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% of the Shares in issue on the date of such grant; and
- (ii) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Date of Grant, in excess of HK\$5 million,

such further grant of Options shall be subject to prior approval by resolution of the Shareholders (voting by way of poll). The Company shall send a circular to the Shareholders in accordance with the Listing Rules and all connected persons of the Company shall abstain from voting in favour of the resolution at such general meeting of the Shareholders.

(D) SUBSCRIPTION PRICE

The Subscription Price shall be determined by the Board in its absolute discretion but in any event shall not be less than the highest of:

- (i) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Date of Grant which must be a Business Day;
- (ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five Business Days immediately preceding the Date of Grant; and
- (iii) the nominal value of the Shares.

(E) MAXIMUM NUMBER OF SHARES

- (i) The maximum number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other share option schemes of the Company shall not, in the absence of Shareholders' approval, in aggregate exceed 10% in nominal amount of the aggregate of Shares in issue on the adoption date (the "**Scheme Mandate Limit**"). Options lapsed in accordance with the terms of the New Share Option Scheme and (as the case may be) such other share option schemes of the Company will not be counted for the purpose of calculating the Scheme Mandate Limit.
- (ii) The Company may renew the Scheme Mandate Limit at any time subject to prior Shareholders' approval but in any event, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other share option schemes of the Company under the limit as refreshed must not exceed 10% of the Shares in issue as at the date of the Shareholders' approval of the renewed limit. Options previously granted under

the New Share Option Scheme or any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with the terms or exercised options) will not be counted for the purpose of calculating the limit as renewed.

- (iii) Notwithstanding the foregoing, the Company may grant Options beyond the Scheme Mandate Limit to Participants if:
- (1) separate Shareholders' approval has been obtained for granting Options beyond the Scheme Mandate Limit to Participants specifically identified by the Company before such Shareholders' approval is sought; and
 - (2) the Company, in connection with the seeking of such separate Shareholders' approval, has first sent a circular to Shareholders containing such information as may be required by the Listing Rules then prevailing to be included in such circular.
- (iv) Subject to paragraph (v) below, the maximum number of Shares issued and to be issued upon exercise of the Options granted to each Grantee under the New Share Option Scheme (including both exercised and outstanding Options) in any 12-month period shall not (when aggregated with any Shares subject to options granted during such period under any other share option scheme(s) of the Company other than those options granted pursuant to specific approval by the Shareholders in a general meeting) exceed 1% of the Shares in issue for the time being (the "**Individual Limit**").
- (v) Where any further grant of Options to a Participant would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such person (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by Shareholders in general meeting with such Participant and his associates abstaining from voting. The Company must send a circular to the Shareholders disclosing the identity of the Participant in question, the number and terms of the Options to be granted (and Options previously granted to such Participant) and such other information required under the Listing Rules.
- (vi) At any time, the maximum number of Shares which may be issued upon exercise of all Options which then have been granted and have yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company shall not, in the absence of Shareholders' approval, in aggregate exceed 30% of the Shares in issue from time to time.

The Options do not carry any right to vote in general meeting of the Company, or any right, dividend, transfer or any other rights, including those arising on the liquidation of the Company.

(F) TIME OF EXERCISE OF OPTION

An Option may be exercised in accordance with the terms of the New Share Option Scheme at any time during the Option Period.

(G) RIGHTS ARE PERSONAL TO GRANTEES

An Option is personal to the Grantee and shall not be assignable or transferable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any Option.

(H) RIGHTS ON TERMINATION OF EMPLOYMENT BY DISMISSAL

- (i) If the Grantee ceases to be a Participant by reason of the termination of his employment or directorship on the grounds of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts or has committed any act of bankruptcy or has become insolvent or has made any arrangements or compromise with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or on any other grounds on which an employer would be entitled to terminate his employment summarily, his Option will lapse automatically (to the extent not already exercised) and not be exercisable on or after the date of termination of his employment.
- (ii) If the Grantee who is an employee or a director of the Company or another member of the Group ceases to be a Participant for any reason other than his death or termination of his employment or directorship on one or more of the grounds specified in paragraph (h)(i) above, the Option (to the extent not already exercised) shall lapse on the date of cessation or termination of his employment (which date shall be the Grantee's last actual working day with the Company or the relevant subsidiary whenever salary is paid in lieu of notice or not) and shall on that day cease to be exercisable unless he continues to serve the Group in some other capacity (example, consultant), in which case the Board is authorised to determine the exercise of the option period and, if appropriate, determine that the option shall not lapse on the date of cessation of his employment but on the date the Board determines is the end of the consultancy.

(I) RIGHTS ON CEASING TO BE A PARTICIPANT

If the Grantee who is not an employee or a director of the Company or another member of the Group ceases to be a Participant as and when determined by the Board by resolution for any reason other than his death, the Board may by written notice to such Grantee within one month from the date of such cessation determine the period within which the Option (or such remaining part thereof) shall be exercisable following the date of such cessation.

(J) RIGHTS ON DEATH

If the Grantee ceases to be a Participant by reason of his death before exercising his Option in full and none of the events which would be a ground for termination of his employment as described in paragraph (h)(i) above have arisen, his legal personal representative(s) may exercise the Option up to the Grantee's entitlement as at the date of death (to the extent not already exercised) within a period of 12 months following the date of his death.

(K) EFFECT OF ALTERATIONS TO SHARE CAPITAL

In the event of an alteration in the capital structure of the Company, whilst any Option remains exercisable, by way of capitalisation of profits or reserves, bonus issue, rights issue, open offer, subdivision or consolidation of Shares, or reduction of the share capital of the Company in accordance with legal requirements and requirements of the Stock Exchange (other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party), such corresponding adjustments (if any) shall be made to:

- (i) the number or nominal amount of Shares subject to the Option so far as unexercised; or
- (ii) the Subscription Price,

or any combination thereof, provided that:

- (a) any such adjustments give a Grantee the same proportion of the equity capital of the Company as that to which that Grantee was previously entitled; and
- (b) notwithstanding paragraph (k)(a) above, any adjustments as a result of an issue of securities with a price-dilutive element, such as a rights issue, open offer or capitalisation issue, should be based on a scrip factor similar to the one used in accounting standards in adjusting the earnings per share figures (referred to in Hong Kong Accounting Standards 33) and the acceptable adjustments set out in the Supplementary Guidance on Rule 17.03(13) of the Listing Rules issued by the Stock Exchange on 5 September 2005 and any future guidance/interpretation of the Listing Rules issued by the Stock Exchange from time to time;

but no such adjustments shall be made to the extent that a Share would be issued at less than its nominal value. In respect of any such adjustments, an independent financial advisor or the auditor of the Company must certify in writing that the adjustments satisfies the requirements in paragraphs (k) (a) and (k)(b) above.

(L) RIGHTS ON A GENERAL OFFER BY WAY OF TAKEOVER

In the event of a general offer by way of takeover (other than by way of scheme of arrangement) being made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, the Company shall forthwith notify all the Grantees and any Grantee (or his legal personal representative) shall be entitled to exercise the Option in full (to the extent not already exercised) or to the extent as notified by the Company at any time within such period as shall be notified by the Company.

(M) RIGHTS ON A GENERAL OFFER BY WAY OF SCHEME OF ARRANGEMENT

In the event of a general offer by way of scheme of arrangement being made to all the Shareholders and has been approved by the necessary number of Shareholders at the requisite meetings, the Company shall forthwith notify all the Grantees and any Grantee (or his legal personal representative) may at any time thereafter, (but before such time as shall be notified by the Company) exercise the Option either to its full extent or to the extent notified by the Company.

(N) RIGHTS ON WINDING-UP

In the event a notice is given by the Company to the Shareholders to convene a Shareholders' meeting to consider and, if thought fit, approve a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to all Grantees and any Grantee (or his legal personal representative) may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option either to its full extent or to the extent notified by the Company, and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed Shareholders' meeting, allot, issue and register in the name of the Grantee such number of Shares to the Grantee which fall to be issued on such exercise.

(O) RIGHTS ON A COMPROMISE OR ARRANGEMENT

In the event a compromise or arrangement (other than a scheme of arrangement) between the Company and its members or creditors is proposed in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice to all the Grantees on the same date as it gives notice of the meeting to its members or creditors to consider such a compromise or arrangement, and the Grantee (or his legal personal representative) may at any time thereafter but before such time as shall be notified by the Company exercise the Option either to its full extent or to the extent notified by the Company and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed Shareholders' meeting, allot, issue and register in the name of the Grantee such number of Shares which fall to be issued on such exercise.

(P) RANKING OF SHARES

The Shares to be allotted upon the exercise of an Option shall be subject to all the provisions of the memorandum and articles of association of the Company for the time being in force and shall rank *pari passu* in all respects with the existing fully paid Shares in issue on the date on which those Shares are allotted on exercise of the Option and accordingly shall entitle the holders to participate in all dividends or other distributions paid or made after the date on which the Shares are allotted other than any dividends or distributions previously declared or recommended or resolved to be paid or made if the record date thereof shall be on or before the date on which the Shares are allotted.

(Q) PERIOD OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme shall be valid and effective for a period of 10 years commencing on the adoption date, after which period no further Options shall be offered or granted but the provisions of the New Share Option Scheme shall remain in full force and effect in all other respects.

(R) ALTERATIONS TO THE NEW SHARE OPTION SCHEME

- (i) The specific provisions of the New Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Participants and changes to the authority of the Board in relation to any alteration of the terms of the New Share Option Scheme shall not be made, in either case, without the prior approval of Shareholders in general meeting.
- (ii) Any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature, or any change to the terms of Options granted, must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme. The New Share Option Scheme so altered must comply with Chapter 17 of the Listing Rules.

(S) CONDITIONS OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme shall take effect subject to:

- (i) the passing of the resolution by the Shareholders to approve and adopt the New Share Option Scheme and to authorise the Board to grant Options thereunder and to allot and issue Shares pursuant to the exercise of any Options; and
- (ii) the Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares which fall to be issued pursuant to the exercise of any Options (subject to an initial limit of 10% of the aggregate number of Shares in issue on the date of such Shareholders' resolution to approve and adopt the New Share Option Scheme).

(T) LAPSE OF OPTION

An Option shall lapse automatically and shall not be exercisable, to the extent not already exercised, on the earliest of:

- (i) the expiry of the Option Period;
- (ii) the expiry of the periods referred to in paragraphs (h), (i), (j), (l) to (o) above respectively;
- (iii) the expiry of the period referred to in paragraph (l) above, subject to any court of competent jurisdiction making an order to prohibit the offeror from acquiring the remaining Shares in the Offer;
- (iv) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in paragraph (m) above;
- (v) the date of commencement of the winding-up of the Company;

- (vi) the date on which the Grantee ceases to be a Participant as referred to in paragraphs (h)(i) and (ii) above;
- (vii) the date on which the Grantee commits a breach by selling, transferring, charging, mortgaging, encumbering or creating any interest in favour of any third party over or in relation to any Option; and
- (viii) subject to paragraph (h)(ii), the date the Grantee ceases to be a Participant for any other reason.

(U) TERMINATION OF THE NEW SHARE OPTION SCHEME

The Company may, by ordinary resolution in general meeting, or the Board may at anytime terminate the New Share Option Scheme and in such event no further Options may be granted but in all other respects the provisions of the New Share Option Scheme shall remain in full force and effect in respect of Options which are granted during the life of the New Share Option Scheme and which remain unexpired immediately prior to termination of the operation of the New Share Option Scheme.

(V) RESTRICTION ON GRANT OF OPTION

A grant of Options may not be made after inside information has come to the knowledge of the Company until the Company has announced the information. In particular, during the period commencing one month immediately before the earlier of:

- (i) the date of the board meeting of the Company (as such date is first notified to the Stock Exchange under the Listing Rules) for the approving the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or, not required under the Listing Rules);

and ending on the date of the results announcement, no Option may be granted.

(W) CANCELLATION

Any Options granted but not exercised may be cancelled if the Grantee so agrees.

(X) PRESENT STATUS OF THE NEW SHARE OPTION SCHEME

As at the date of this circular, no Option has been granted or agreed to be granted pursuant to the New Share Option Scheme.

NOTICE OF ANNUAL GENERAL MEETING



中裕燃氣控股有限公司

ZHONGYU GAS HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3633)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of Zhongyu Gas Holdings Limited (the “Company”) will be held at Units 04-06, 28th Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on Friday, 3 May, 2013 at 11: 00 a.m. for the following purposes:

1. To receive and consider the audited consolidated financial statements, the report of the directors and independent auditor’s report of the Company for the year ended 31st December, 2012;
- 2(a). To re-elect the following retiring directors of the Company (the “Directors”):
 - (i) To re-elect Mr. Wang Wenliang as an executive Director;
 - (ii) To re-elect Mr. Li Chunyan as an independent non-executive Director;
 - (iii) To re-elect, approve, and confirm Dr. Luo Yongtai as an independent non-executive Director who will serve the Company for more than nine years as an independent non-executive Director;
- 2(b). To authorise the board of Directors (the “Board”) or the Remuneration Committee of the Company to fix the remuneration of the Directors;
3. To re-appoint Messrs. Deloitte Touche Tohmatsu as the Company’s auditors and authorise the Board to fix their remuneration; and, as special business, to consider and, if thought fit, to pass the following resolutions as ordinary resolutions of the Company:
4. **“THAT**
 - (i) subject to paragraph (iii) of this resolution, pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”), the exercise by the Directors during the Relevant Period (as defined hereinafter) of all the powers of the Company to allot, issue and deal with additional shares of nominal value of HK\$0.01 each in the share capital of the Company (“Shares”) and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares) which might require the exercise of such powers be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (ii) the approval in paragraph (i) of this resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (iii) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (i) of this resolution, otherwise than pursuant to:
 - (a) a Rights Issue (as defined hereinafter);
 - (b) the exercise of warrants to subscribe for Shares or the exercise of options granted under any ordinary share option scheme adopted by the Company; or
 - (c) an issue of Shares in lieu of whole or part of a dividend on Shares in accordance with the articles of association of the Company,

shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution and this approval shall be limited accordingly; and

- (iv) for the purpose of this resolution:

“Relevant Period” means the period from the date of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company (“Articles”) or any applicable laws of the Cayman Islands to be held; and
- (c) the date on which the revocation, variation or renewal of the issue mandate by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means offer of Shares open for a period fixed by the Directors to holders of Shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares as at that date (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to overseas shareholders or 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).”

NOTICE OF ANNUAL GENERAL MEETING

5. **“THAT**

- (i) subject to paragraph (ii) of this resolution, the exercise by the Directors during the Relevant Period (as defined hereinafter) of all powers of the Company to repurchase issued Shares on The Stock Exchange of Hong Kong Limited or any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and The Stock Exchange of Hong Kong Limited such purpose, subject to and in connection with all applicable laws and/or the requirements of the Listing Rules or of any other stock exchange as amended from time to time, be and the same is hereby generally and unconditionally approved;
- (ii) the aggregate nominal amount of Shares which the Company is authorised to repurchase pursuant to the approval in paragraph (i) of this resolution shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution, and this approval shall be limited accordingly; and
- (iii) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
 - (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable laws to be held; and
 - (c) the date on which the revocation, variation or renewal of the repurchase mandate by an ordinary resolution of the shareholders of the Company in general meeting.”
6. **“THAT** conditional upon ordinary resolutions numbered 4 and 5 set out above being passed, the aggregate nominal amount of Shares which are repurchased by the Company under the authority granted to the Directors as mentioned in ordinary resolution numbered 5 above shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to ordinary resolution numbered 4 set out above.”
7. **“THAT** conditional upon ordinary resolution numbered 8 set out below being passed, the existing share option scheme (the **“Existing Share Option Scheme”**) of the Company adopted pursuant to a resolution of the Company passed on 24 October 2003 be and is hereby terminated provided that any options granted under the Existing Share Option Scheme prior to the passing of this Resolution shall not, in any way, be affected or prejudiced and all such options shall continue to be valid and exercisable in accordance with the Existing Share Option Scheme.”

NOTICE OF ANNUAL GENERAL MEETING

8. “**THAT** conditional upon the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, any Shares which may be issued pursuant to the exercise of the options to be granted under the new share option scheme (the “**New Share Option Scheme**”), the New Share Option Scheme be and is hereby approved and adopted in substitution for the Existing Share Option Scheme; the Directors be and are hereby authorised to grant options to subscribe for the Shares thereunder and to allot and issue Shares pursuant to the exercise of any options which may be granted under the New Share Option Scheme; and that the Directors be and are hereby authorized to do such things and acts as the Directors consider necessary and appropriate to effect the same.”

By Order of the Board of
ZHONGYU GAS HOLDINGS LIMITED
Wang Wenliang
Chairman

Hong Kong
28 March, 2013

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business:

Units 04-06, 28th Floor
China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Notes:

- (i) A member of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxy to attend and, on a poll, vote instead of such member. A proxy need not be a member of the Company.
- (ii) In order to be valid, the proxy form together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority, must be deposited at the Company’s branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at 26/F, Tesbury Centre, 28 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for the meeting or any adjourned meeting.
- (iii) Where there are joint holders of any share of the Company, any one of such holders may vote at the meeting either personally or by proxy in respect of such share as if he were solely entitled thereto, but if more than one of such holders be present at the meeting personally or by proxy, then the one of such holders whose name stands first on the register of

NOTICE OF ANNUAL GENERAL MEETING

members of the Company in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for this purpose be deemed joint holders thereof.