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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)

**(1) REMOVAL OF CHAIRMAN AND VICE CHAIRMAN
AND APPOINTMENT OF NON-EXECUTIVE CHAIRMAN;
(2) RESIGNATION AND APPOINTMENT OF NON-EXECUTIVE DIRECTORS; AND
(3) RESUMPTION OF TRADING**

On 3 March 2011, the Board resolved by majority vote that Mr. Li and Mr. Xu be removed as the Chairman and the Vice Chairman of the Company respectively with effect from 3 March 2011 in accordance with the bye-laws of the Company. The Board further unanimously resolved that Ms. Wong Sin Yue, Cynthia, remaining as an independent non-executive director of the Company, be appointed as the non-executive Chairman of the Company with effect from 3 March 2011.

Notwithstanding the above, Mr. Li and Mr. Xu remain as executive directors of the Company. Furthermore, since the daily operation of the Group is managed by the senior management and overseen by the Joint Managing Directors, the Company considers that the business activities of the Group have been and will be conducted as usual.

Also, Mr. Goel has resigned as a non-executive director of the Company with effect from 28 February 2011 due to his retirement from GAIL. In the Board Meeting, the Board unanimously resolved that Mr. Jain be appointed as a non-executive director of the Company with effect from 3 March 2011.

At the request of the Company, trading in the Shares has been suspended with effect from 9:30 a.m. on 4 March 2011 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 7 March 2011.

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”).

Reference is made to the announcements made by China Gas Holdings Limited (the “**Company**”) on 24 December 2010, 4 January 2011 and 31 January 2011 respectively (the “**Announcements**”). Unless the context requires otherwise, terms used in this announcement shall have the same meanings as defined in the Announcements.

1. REMOVAL OF CHAIRMAN AND VICE CHAIRMAN AND APPOINTMENT OF NON-EXECUTIVE CHAIRMAN

On 3 March 2011, the Company convened a board meeting (the “**Board Meeting**”) at which certain members of the Board believed that Mr. Li Xiao Yun (“**Mr. Li**”), the Chairman of the Company, and Mr. Xu Ying (“**Mr. Xu**”), the Vice Chairman of the Company did not completely disclose their knowledge of the Incident at the first board meeting convened on 23 December 2010 to consider the Incident.

In view of the above, the Board resolved by majority vote that Mr. Li and Mr. Xu be removed as the Chairman and the Vice Chairman of the Company respectively with effect from 3 March 2011 in accordance with the bye-laws of the Company. The Board further unanimously resolved that Ms. Wong Sin Yue, Cynthia, remaining as an independent non-executive director of the Company, be appointed as the non-executive Chairman of the Company with effect from 3 March 2011.

Notwithstanding the above, Mr. Li and Mr. Xu remain as executive directors of the Company. Furthermore, since the daily operation of the Group is managed by the senior management and overseen by the Joint Managing Directors, the Company considers that the business activities of the Group have been and will be conducted as usual.

2. RESIGNATION AND APPOINTMENT OF NON-EXECUTIVE DIRECTORS

Mr. Goel resigned as a non-executive director of the Company with effect from 28 February 2011 due to his retirement from GAIL (India) Limited (“**GAIL**”). He has confirmed that there is no disagreement with the Board and there is no matter relating to his resignation that needs to be brought to the attention to the shareholders of the Company.

The Board would like to express its gratitude to Mr. Goel for his service and contributions to the Company during his tenure of office.

Pursuant to a subscription agreement dated 19 February 2005 (the “**Subscription Agreement**”) made between GAIL and the Company, GAIL shall be entitled to nominate a person to be appointed as a non-executive director of the Company on or after 1 July 2005 throughout the period that GAIL holds not less than 150 million Shares. Accordingly, GAIL nominated Mr. R. K. Goel (“**Mr. Goel**”) who was appointed as a non-executive director of the Company on 1 December 2006. In view of the retirement of Mr. Goel, GAIL informed the Company that it wished to nominate Mr. P. K. Jain (“**Mr. Jain**”) as a non-executive director of the Company. The Board has therefore resolved at the Board Meeting to appoint Mr. Jain as a non-executive director of the Company with effect from 3 March 2011.

Mr. Jain, aged 56, possess substantial experience in corporate finance and internal audit. He obtained his MBA (Finance) from the University of Hull, UK and is a Chartered Accountant from India. He joined GAIL in 1986. His last position in GAIL was an executive director of

internal audit and was appointed as the Director (Finance) of GAIL with effect from 1 March 2011.

Mr. Jain has not held any other directorships in listed public companies in Hong Kong or any positions with the Company or any of its subsidiaries in the last three years. Save for the fact that he is the Director (Finance) of GAIL, a shareholder of the Company holding 210,000,000 Shares, representing 4.79% of the entire issued share capital of the Company as at the date of the announcement, Mr. Jain is not connected with any directors, chief executive or substantial shareholders (as defined in the Listing Rules) of the Company and he does not have any interests in the Shares within the meaning of Part XV of the Securities and Future Ordinance.

As at the date of this announcement, there is no service agreement between the Company and Mr. Jain in respect of his appointment but he is entitled to a director's fee of HK\$20,000 with reference to his duties and responsibilities of the Company and the prevailing market conditions. He is not appointed for any specific term since he is subject to retirement by rotation and re-election in accordance with the bye-laws of the Company. Save as disclosed in this announcement, there is no information in relation to Mr. Jain which is required to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and there is no other matter which needs to be brought to the attention of the shareholders of the Company.

The Board would like to express its warmest welcome to Mr. Jain.

3. RESUMPTION OF TRADING

Save as disclosed above, the Company confirms that there is no other price sensitive information required to be disclosed in accordance with the Listing Rules as at the date of this announcement.

As the request of the Company, trading in the Shares has been suspended with effect from 9:30 a.m. on 4 March 2011 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 7 March 2011.

By Order of the Board of
China Gas Holdings Limited
Wong Sin Yue, Cynthia
Chairman

Hong Kong, 4 March 2011

**for identification purpose only*

As of the date of this announcement, Mr. Li Xiao Yun, Mr. Xu Ying, Mr. Liu Ming Hui, Mr. Leung Wing Cheong, Eric, Mr. Ma Jin Long, Mr. Zhu Wei Wei and Mr. Pang Ying Xue are the executive Directors, Mr. Feng Zhuo Zhi, Mr. Joe Yamagata, Mr. P.K. Jain, Mr. Moon Duk Kyu and Mr. Mulham Al Jarf are the non-executive Directors, and Mr. Zhao Yu Hua, Dr. Mao Er Wan and Ms. Wong Sin Yue, Cynthia are the independent non-executive Directors.