

*The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**中裕燃气**

**中裕燃气控股有限公司**

**ZHONGYU GAS HOLDINGS LIMITED**

*(incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8070)

**PROPOSED GRANT OF OPTIONS  
AND  
PROPOSED REFRESHMENT OF SCHEME MANDATE LIMIT**

On 29 March 2007, the Board resolved to grant to the Grantees an aggregate of 71,100,000 Options under the Share Option Scheme of which 57,000,000 Options granted to Mr. Hao shall further be approved by the Shareholders at a general meeting of the Company pursuant to the GEM Listing Rules and subject to the Stock Exchange granting the listing of and permission to deal in the Shares which may fall to issued upon the exercise of 57,000,000 Options granted to him.

On the same date, the Board further resolved to put forward a proposal to the Shareholders to refresh the Scheme Mandate Limit under the Share Option Scheme.

A circular containing, among other things, further details in respect of the grant of the Options to Mr. Hao and the proposed refreshment of the Scheme Mandate Limit together with a notice of EGM will be despatched to the Shareholders as soon as possible.

**THE SHARE OPTION SCHEME**

Pursuant to the written resolutions passed on 24 October 2003, the then Shareholders approved and adopted by ordinary resolution the Share Option Scheme whereby the Directors were authorised to grant Options to, among others, full-time and part-time employees (including executive Directors) of the Group.

**THE OPTIONS**

On 29 March 2007, the Board resolved to grant to the Grantees an aggregate of 71,100,000 Options under the Share Option Scheme. The Grantees, namely, Mr. Hao, Mr. Lui and Ms. Sun are, respectively, an executive Director, the chief financial officer and an employee of the Company. Before the present grant of 71,100,000 aggregate Options, each of Mr. Hao and Mr. Lui holds 8,004,000 and 2,004,000 Options which were granted to them on 4 July 2005,

representing approximately 0.50% and 0.13% of 1,590,185,542 total Shares currently in issue respectively. No Options have ever been granted to Ms. Sun under the Share Option Scheme. The following table sets out the number of Options previously and presently granted to the Grantees:

Name of Grantees	No. of Options previously granted to the Grantees	Approx. % of Options previously granted to the total no. of Shares currently in issue	No. of Options presently granted to the Grantees	Approx. % of Options previously granted to the total no. of Shares currently in issue	Total no. of Options granted to the Grantees	Approx. % of the total no. of Options granted to the total number of Shares currently in issue
Mr. Hao	8,004,000	0.50%	57,000,000	3.58%	65,004,000	4.08%
Mr. Lui	2,004,000	0.13%	9,000,000	0.57%	11,004,000	0.70%
Ms. Sun	—	—	5,100,000	0.32%	5,100,000	0.32%
	<u>10,008,000</u>	<u>0.63%</u>	<u>71,100,000</u>	<u>4.47%</u>	<u>81,108,000</u>	<u>5.10%</u>

The aggregate value of 71,100,000 Options presently granted based on the closing price, which is also the Subscription Price, of HK\$0.56 on the date of such grant is estimated to be HK\$39,816,000.

### *Terms of the Options*

A summary of the principal terms of 71,100,000 aggregate Options presently granted are set out below:

#### (a) *Duration and the condition*

The 71,100,000 aggregate Options presently granted have a life of 10 years from the date of the grant of such Options. There is no special condition or specific performance target to be fulfilled before those Options may be exercised by the Grantees.

#### (b) *Subscription Price*

The 71,100,000 aggregate Options presently granted are exercisable at the Subscription Price of HK\$0.56 per Share, which is the highest of (i) HK\$0.01, being the nominal value of a Share; (ii) HK\$0.56, being the closing price of the Shares as stated in the daily quotations sheet of GEM on the date of the grant of such Options, and (iii) HK\$0.53, being the average closing price of the Shares as stated in the daily quotations sheets on GEM on 22 March 2007 to 28 March 2007, both days inclusive (being the five trading days immediately preceding the date of the grant of such Options)

(c) *Reasons and consideration for the grant*

The 71,100,000 aggregate Options presently granted are granted to the Grantees in recognition of their respective contribution to the growth of the Group in the past and as an incentive for their continuing commitment and contribution to the Group in the future. The consideration payable on acceptance of the relevant Options for each Grantee is HK\$1.00 for the relevant Options.

Details of other terms of the Options will be further set out in the circular to be despatched to the Shareholders shortly.

The present grant of 57,000,000 Options to Mr. Hao is further elaborated under the heading “Implication under the GEM Listing Rules” below.

## REFRESHMENT OF SCHEME MANDATE LIMIT

### Information on Options granted under the Share Option Scheme

As at the date of this announcement, the Company has granted in aggregate 133,674,000 Options under the Share Option Scheme, representing approximately 8.41% of the total issued share capital of the Company of which 2,004,000 Options have lapsed and 131,670,000 Options (including the 71,000,000 Options presently granted) remain outstanding and unexercised representing approximately 8.28% of the total issued share capital of the Company.

The following table illustrates the changes in the shareholdings of the Grantees and other holders of the Options in the issued share capital of the Company upon the exercise in full of all of the Options granted and outstanding:

	As at the date of this announcement		Upon exercise of the 71,100,000 Options presently granted (exclusive of other Options outstanding) in full		Upon exercise of all of the Options granted and outstanding in full	
	Approximate Number of Shares held	Approximate shareholding percentage	Approximate Number of Shares held	Approximate shareholding percentage	Approximate Number of Shares held	Approximate shareholding percentage
The Grantees						
Mr. Hao	— <sup>(Note)</sup>	0%	57,000,000	3.43%	65,004,000	3.75%
Mr. Lui	—	0%	9,000,000	0.54%	11,004,000	0.64%
Ms. Sun	—	0%	5,100,000	0.31%	5,100,000	0.29%
Sub-total of the Grantee	—	0%	71,100,000	4.28%	81,108,000	4.68%
Other option holders	-	-	-	-	60,570,000	3.50%
Other Shareholders	1,590,185,542	100%	1,590,185,542	95.72%	1,590,185,542	91.82%
Total	<u>1,590,185,542</u>	<u>100.00%</u>	<u>1,661,285,542</u>	<u>100.00%</u>	<u>1,731,863,542</u>	<u>100.00%</u>

*Note: As at the date of this announcement, Mr. Hao is interested in approximately 12% of the issued share capital of Hezhong Investment Holdings Company Limited which in turn owns approximately 54.87% of the issued share capital of the Company.*

The current Scheme Mandate Limit was refreshed on 24 April 2006 at the annual general meeting of the Company, which entitles the Directors to grant Options to subscribe for an aggregate of 132,518,554 Shares, representing slightly less than 10% of the Shares in issue on that date. Prior to the granting of 14,100,000 Options to the Grantees (excluding 57,000,000 Options granted to Mr. Hao, which are to be approved separately by the Shareholders), the current Scheme Mandate Limit has not been utilised. Taking into account of the increase in the issued share capital of the Company as a result of the placing and subscription of Shares as announced by the announcement of the Company dated 1 March 2007 and the present granting of 14,100,000 Options to the Grantees (excluding 57,000,000 Options granted to Mr. Hao, which are to be approved separately by the Shareholders), which has utilised approximately 10.64% of the current Scheme Mandate Limit, the Board further resolved to put forward a proposal to the Shareholders to refresh the current Scheme Mandate Limit under the Share Option Scheme to provide more flexibility to grant further Options to eligible participant under the Share Option Scheme so as to provide opportunities and incentives to them to work towards enhancing the values of the Company and Shares for the benefit of the Company and Shareholders as a whole. The proposed refreshment of the current Scheme Mandate Limit is subject to (i) the Stock Exchange granting the listing of, and permission to deal in the Shares to be issued pursuant to the exercise of Options granted under the refreshed Scheme Mandate Limit and (ii) the passing of an ordinary resolution by the Shareholders at the EGM.

Based on 1,590,185,542 Shares in issue as at the date of this announcement and assuming there will not be any issue or repurchases of Shares prior to the EGM, the current Scheme Mandate Limit will be refreshed to the extent the total number of securities, which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other scheme under the Scheme Mandate Limit as refreshed, will not exceed 159,018,554 Shares, being slightly less than 10% of the Shares in issue as at the date of the EGM. Options previously granted under the Share Option Scheme (including without limitation those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme) will not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of Options granted under the refreshed Scheme Mandate Limit.

The Shares falling to be issued upon exercise of all of the Options granted and any other options granted under the Share Option Scheme and any other schemes may not exceed 30% of the issued share capital of the Company. Save as disclosed above, there are no other options granted or remaining outstanding as at the date of this announcement.

## **IMPLICATION UNDER THE GEM LISTING RULES**

According to rule 23.03(4) of the GEM Listing Rules, the total number of securities issued and to be issued upon exercise of the Options granted to an eligible participant under the Share Option Scheme (including both exercised and outstanding Options) in any 12-month period must not exceed 1% of the relevant class of securities of the Company in issue unless approved by Shareholders. As the number of Options granted to Mr. Hao entitling him to subscribe for Shares exceeds 1% of the total number of Shares in issue as at the date of

granting of such Options, the granting is subject to Shareholders' approval and the Stock Exchange granting the listing of and permission to deal in the Shares which may fall to issued upon the exercise of 57,000,000 Options. In this regard, an ordinary resolution will be proposed to the Shareholders to approve the grant of 57,000,000 Options to Mr. Hao with Mr. Hao and his associates abstaining from voting and an application will be made to the Stock Exchange for the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of 57,000,000 Options granted to Mr. Hao.

In accordance with rule 23.04(1) of the GEM Listing Rules, the grant of 57,000,000 Options to Mr. Hao, being an executive Director, has also been approved by all independent non-executive Directors on 29 March 2007.

## **GENERAL**

The Directors (including the non-executive and independent non-executive Directors) consider that the terms of the grant of the Options to Mr. Hao are fair and reasonable and that the proposed refreshment of the current Scheme Mandate Limit is in the interest of the Company and the Shareholders as a whole. A circular containing, among other things, further details and terms in respect of the grant of the Options to Mr. Hao and the proposed refreshment of the current Scheme Mandate Limit together with a notice of EGM will be despatched to the Shareholders as soon as possible.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

<b>“Board”</b>	the board of Directors
<b>“Company”</b>	Zhongyu Gas Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
<b>“Directors”</b>	directors of the Company, including the non-executive and independent non-executive directors of the Company
<b>“EGM”</b>	the extraordinary general meeting of the Company to be convened and held for the purpose of approving, among other matters, the grant of 57,000,000 Options to Mr. Hao and the proposed refreshment of the current Scheme Mandate Limit
<b>“GEM”</b>	the Growth Enterprise Market of the Stock Exchange
<b>“GEM Listing Rules”</b>	the Rules Governing the Listing of Securities on GEM
<b>“Grantees”</b>	Mr. Hao, Mr. Lui and Ms. Sun
<b>“Group”</b>	the Company and its subsidiaries

“ <b>Hong Kong</b> ”	the Hong Kong Special Administrative Region of the People’s Republic of China
“ <b>Mr. Hao</b> ”	Mr. Hao Yu, being an executive Director
“ <b>Mr. Lui</b> ”	Mr. Lui Siu Keung, being the chief financial officer of the Company
“ <b>Ms. Sun</b> ”	Ms. Sun Bo, being an employee of the Company
“ <b>Options</b> ”	options to be granted under the Share Option Scheme
“ <b>Scheme Mandate Limit</b> ”	the maximum number of Shares which may be allotted and issued upon the exercise of all of the Options which initially shall not in aggregate exceed 10% of the Shares in issue as at the date of adoption of the Share Option Scheme and thereafter, if refreshed shall not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit by the Shareholders
“ <b>Share(s)</b> ”	share(s) of HK\$0.01 each in the share capital of the Company
“ <b>Share Option Scheme</b> ”	the share option scheme of the Company approved and adopted on 24 October 2003
“ <b>Shareholder(s)</b> ”	holder(s) of the Share(s)
“ <b>Stock Exchange</b> ”	The Stock Exchange of Hong Kong Limited
“ <b>Subscription Price</b> ”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option under the Share Option Scheme
“ <b>HK\$</b> ”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“ <b>%</b> ”	per cent.

By order of the Board  
**Zhongyu Gas Holdings Limited**  
**Wang Wenliang**  
*Chairman*

Hong Kong, 30 March 2007

*As at the date hereof, the executive Directors are Mr. Wang Wenliang, Mr. Hao Yu and Mr. Lu Zhaoheng; the non-executive Directors are Mr. Xu Yongxuan, Mr. Wang Lei and Mr. Nicholas John Ashley Rigg; and the independent non-executive Directors are Mr. Wang Shunlong, Dr. Luo Yongtai and Mr. Hung, Randy King Kuen.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:*

- (1) the information contained in this announcement is accurate and complete in all material respects and not misleading;*
- (2) there are no other matters the omission of which would make any statement in this announcement misleading; and*
- (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website ([www.hkgem.com](http://www.hkgem.com)) for at least 7 days from the date of its publication.*