

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



# **中裕燃氣控股有限公司**

## **ZHONGYU GAS HOLDINGS LIMITED**

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

**(Stock Code: 8070)**

**Conditional voluntary general offer by  
Macquarie Capital Securities Limited  
on behalf of**

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

**to acquire all of the issued shares in the share capital of**

**Zhongyu Gas Holdings Limited**

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

**and**

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

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

### **Announcement on the status of the proposed Offers**

Reference is made to (i) the announcement dated 26 January 2010 (the “**Joint Announcement**”) jointly issued by Zhongyu, China Gas and the Offeror in relation to the proposed Offers, (ii) the announcement dated 1 March 2010 (the “**Delay Announcement**”) jointly issued by Zhongyu, China Gas and the Offeror in relation to the delay in the despatch of the Composite Document, (iii) the announcement dated 31 March 2010 (the “**Zhongyu Announcement**”) issued by Zhongyu in relation to its inability to announce its annual results and publish its annual report for the year ended 31 December 2009, and (iv) the announcement dated 21 April 2010 (the “**China Gas Announcement**”) issued by China Gas in relation to, among other things, the status of the proposed Offers and despatch of the offer document. Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as those defined in the Joint Announcement.

The Joint Announcement states that the proposed Offers will be conditional on the satisfaction of, amongst other things, the Zhongyu Shares remaining listed and traded on the Stock Exchange up to the Closing Date (or, if earlier, the Unconditional Date) save for any temporary suspension(s) of trading of the Zhongyu Shares as a result of the proposed Offers and no indication being received on or before the Closing Date (or, if earlier, the Unconditional Date) from the SFC and/or the Stock Exchange to the effect that the listing of the Zhongyu Shares on the Stock Exchange is or is likely to be withdrawn.

As set out in the Zhongyu Announcement, since the senior management of some of the major PRC subsidiaries of Zhongyu (the “**PRC Subsidiaries**”) have not provided the external auditors with responses to the auditors’ follow-up questions for the purpose of finalising the audit, Zhongyu was not and, continues to be unable to be, in a position to announce its annual results and distribute its annual report for the year ended 31 December 2009 by 31 March 2010 as required by the Listing Rules. With the intention of resolving the above issue and completing the audit procedures as soon as practicable, on 24 March 2010, the Chairman of Zhongyu met with the representative of the senior management of the relevant PRC Subsidiaries to discuss their concerns which are mainly the future prospects of the employees in light of the proposed Offers. As these relate to the Offeror’s and China Gas’ reassurance to the employees in terms of their prospects post the Offers, the Chairman of Zhongyu had relayed the concerns of the senior management of the relevant PRC Subsidiaries to China Gas and the Offeror for the comments. As at the date of this announcement, Zhongyu has not received any response in relation to the concerns of the senior management from the Offeror and there has not been any progress on the outstanding audit items. Accordingly, as at the date of this announcement, Zhongyu still cannot ascertain when the audit can be completed and when its audited financial statements for the year ended 31 December 2009 can be published.

As set out in the letter dated 16 April 2010 from China Gas and the Offeror, and in the China Gas Announcement, in view of, among other things, the prolonged suspension in the trading in the Zhongyu Shares since 9.30 a.m. on 22 March 2010 as a result of its inability to announce its annual results and issue its annual report for the year ended 31 December 2009 by 31 March 2010 as required by the Listing Rules and as detailed in the Zhongyu Announcement, and the potential effects of such suspension on Zhongyu, China Gas and the Offeror intend to invoke applicable and relevant Conditions to the Offers in accordance with the Takeovers Code so as to enable the Offeror not to proceed with the Offers. China Gas and the Offeror had made a request (the “**Request**”) to the Executive on 16 April 2010 to seek the said confirmation and consent.

As disclosed in the China Gas Announcement, the Executive has indicated that it will not consent to the Request, and China Gas and the Offeror intend to seek a review of the Executive’s ruling on the Request to the Takeovers and Mergers Panel (the “**Panel**”) in accordance with the Takeovers Code.

As set out in the China Gas Announcement, unless and until the Panel overturns the Executive’s ruling to decline the Request, China Gas and the Offeror remain obliged to proceed with making the proposed Offers in accordance with and subject to the provisions of the Takeovers Code.

Having taken into account the advice of its financial adviser, First Shanghai Capital Limited, the directors of Zhongyu (excluding Mr. Wang Wenliang and Mr. Hao Yu who are directors of Hezhong considered themselves to have a conflict of interest as a result of the Irrevocable Undertaking executed by Hezhong and each of them in favour of China Gas and the Offeror) consider that, in the absence of the audited financial statements for the year ended 31 December 2009 and a recommendation from the independent financial adviser, they are not able to come to any view on the Request made by China Gas and the Offeror.

In light of the intention of China Gas and the Offeror not to proceed with the Offers, after taking into account the advice of its financial adviser, First Shanghai Capital Limited, the Zhongyu Board would like to remind the Zhongyu Shareholders, Zhongyu Bondholders, Zhongyu Optionholders and investors or potential investors of Zhongyu that they should therefore exercise caution when dealing in shares, convertible bonds and/or options of Zhongyu.

In the absence of the audited financial statements for the year ended 31 December 2009, Partners Capital International Limited (“**Partners Capital**”), the independent financial adviser appointed to advise the independent board committee of Zhongyu in respect of the Offers, is yet to be in a position to give its view on the terms of the Offers. However, Partners Capital considers that the level of share price and trading volume of Zhongyu Shares after the Joint Announcement have incorporated the effects of the Offers and the Offeror’s proposal not to proceed with the Offers may have significant impact on current trading volume and/or the current trading price level of the Zhongyu Shares. Partners Capital wishes to bring the attention of the Zhongyu Shareholders to the fact that there is no certainty that the current trading volume and/or the current trading price level of the Zhongyu Shares will be sustainable in the long term and the Zhongyu Shareholders should closely monitor the market price and the liquidity of the Zhongyu Shares and consider their individual circumstances and investment objectives before making the decision to realise or to hold their investment in the Zhongyu Shares.

**WARNING: Unless and until the Panel overturns the Executive’s ruling to decline the Request, China Gas and the Offeror remain obliged to proceed with making the proposed Offers in accordance with and subject to the provisions of the Takeovers Code. Such Offers will, however, remain subject to the satisfaction or, if applicable, waiver of the Conditions as set out in the Joint Announcement. In such an event, there is no certainty over whether these Conditions will be satisfied or, if applicable, waived. Zhongyu Shareholders, Zhongyu Bondholders, Zhongyu Optionholders and investors or potential investors of Zhongyu should therefore exercise caution when dealing in shares, convertible bonds and/or options of Zhongyu.**

As set out in the China Gas Announcement, China Gas and the Offeror intend to issue a separate offer document (the “**Offer Document**”) in place of the Composite Document if the Panel agrees with the Executive’s ruling to decline the Request. China Gas and the Offeror have applied to the Executive for consent under the requirement of Rule 8.2 of the Takeovers Code and to further extend the deadline for the despatch of the Offer Document to 7 May 2010. In accordance with Rule 8.4 of the Takeovers Code, a response document in relation to the proposed Offers should be sent to the Zhongyu Shareholders, Zhongyu Bondholders and the Zhongyu Optionholders within 14 days after the posting of the Offer Document. Further announcement will be made by Zhongyu on the expected despatch date of the response document in relation to the proposed Offers.

At the request of Zhongyu, trading in the Zhongyu Shares was suspended from 9.30 a.m. on 22 March 2010 and will continue to remain suspended until further notice.

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

23 April 2010

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

*As at the date of this announcement, the board of directors of Zhongyu comprises 8 directors, of whom Mr. Wang Wenliang (Chairman), Mr. Hao Yu (Chief Executive Officer) and Mr. Lu Zhaoheng and Mr. Lui Siu Keung (Chief Financial Officer) are executive directors, Mr. Xu Yongxuan (Vice-Chairman) is a non-executive director, Mr. Wang Shunlong, Dr. Luo Yongtai and Mr. Hung, Randy King Kuen are independent non-executive directors.*

*This announcement, for which the Zhongyu 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 Zhongyu. The Zhongyu 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 GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for 7 days from the date of its publication and on Zhongyu’s website at <http://www.zygas.com.cn>.*