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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 on Main Board: 3633)

(Stock code on GEM: 8070)

TRANSFER OF LISTING FROM THE GROWTH ENTERPRISE MARKET TO THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

On 5 April 2012, the Company made an application to the Stock Exchange for the proposed Transfer of Listing. The Company has applied for the listing of, and permission to deal in, (i) 2,523,007,684 Shares in issue; (ii) 4,000,000 new Shares which may fall to be issued pursuant to the exercise of the outstanding options which were granted under the 2003 Share Option Scheme; and (iii) 252,300,768 new Shares which may fall to be issued pursuant to the exercise of additional options which may be granted during the remaining term of the 2003 Share Option Scheme, on the Main Board by way of transfer of listing from GEM to the Main Board.

The approval-in-principle for the Transfer of Listing has been granted by the Stock Exchange on 28 June 2012.

The last day of dealings in the Shares on GEM (Stock code: 8070) will be Tuesday, 10 July 2012. Dealings in the Shares on the Main Board (Stock code: 3633) will commence at 9:00 a.m. on Wednesday, 11 July 2012.

The Transfer of Listing will have no effect on the existing share certificates in respect of the Shares which will continue to be good evidence of legal title and be valid for trading, settlement and registration purposes and will not involve any transfer or exchange of the existing share certificates. Currently, the Shares are traded in a board lot of 2,000 Shares each and are traded in Hong Kong dollars. As announced by the Company on 18 June 2012, the board lot size for trading in the Shares will be changed from 2,000 Shares to 4,000 Shares with effect from 9:00 a.m. on 10 July 2012. As from 10 July 2012, being the effective date of new board lots of 4,000 Shares, new certificate of the Shares will be issued in new board lot size of 4,000 Shares. Save for the change in board lot size, no change will be made to the English and Chinese stock short names of the Company, the existing share certificates, the trading currency of the Shares and the Hong Kong branch share registrar and transfer office of the Company following the Transfer of Listing.

Reference is made to the announcement issued by the Company dated 5 April 2012 in relation to the formal application submitted to the Stock Exchange for the proposed Transfer of Listing pursuant to the relevant provisions of the GEM Listing Rules and the Listing Rules.

TRANSFER OF LISTING OF THE SHARES FROM GEM TO THE MAIN BOARD

On 5 April 2012, the Company made an application to the Stock Exchange for the proposed Transfer of Listing. The Company has applied for the listing of, and permission to deal in, (i) 2,523,007,684 Shares in issue; (ii) 4,000,000 new Shares which may fall to be issued pursuant to the exercise of the outstanding options which were granted under the 2003 Share Option Scheme; and (iii) 252,300,768 new Shares which may fall to be issued pursuant to the exercise of additional options which may be granted during the remaining term of the 2003 Share Option Scheme, on the Main Board by way of transfer of listing from GEM to the Main Board.

The approval-in-principle for the Transfer of Listing has been granted by the Stock Exchange on 28 June 2012. All pre-conditions for the Transfer of Listing have, insofar as applicable, been fulfilled in relation to the Company and the Shares.

The Company intends to continue quarterly reporting of financial results after it successfully lists on the Main Board.

REASONS FOR THE TRANSFER OF LISTING

The Company has been listed on GEM since 5 June 2001. The Group is principally engaged in (i) the investment, operation and management of city gas pipeline infrastructure, distribution of piped gas to residential, industrial and commercial users; (ii) the construction and operation of compressed natural gas filling stations for vehicles; and (iii) the exploration, exploitation and development of coalbed methane in the PRC.

The Board believes that the listing of the Shares on the Main Board will enhance the profile of the Group and improve the trading liquidity of the Shares. The Board is of the view that the Transfer of Listing will be beneficial to the future growth and business development of the Group. As at the date of this announcement, the Board has no immediate plan to change the nature of business of the Group following the Transfer of Listing. The Transfer of Listing will not involve the issue of any new Shares by the Company.

DEALINGS IN THE SHARES ON THE MAIN BOARD

The Shares have been accepted as eligible securities by HKSCC for deposit, clearance and settlement in the CCASS with effect from 5 June 2001, the date on which the Shares were first listed on GEM. Subject to the continued compliance with the stock admission requirements of HKSCC, the Shares will continue to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS once dealings in the Shares on the Main Board commence. All activities under CCASS are subject to the General Rules of the CCASS and CCASS Operational Procedures in effect from time to time.

The last day of dealings in the Shares on GEM is Tuesday, 10 July 2012. Dealings in the Shares on the Main Board (Stock code: 3633) will commence at 9:00 a.m. on Wednesday, 11 July 2012.

The Transfer of Listing will have no effect on the existing share certificates in respect of the Shares which will continue to be good evidence of legal title and be valid for trading, settlement and registration purposes and will not involve any transfer or exchange of the existing share certificates. Currently, the Shares are traded in a board lot of 2,000 Shares each and are traded in Hong Kong dollars. As announced by the Company on 18 June 2012, the board lot size for trading in the Shares will be changed from 2,000 Shares to 4,000 Shares with effect from 9:00 a.m. on 10 July 2012. As from 10 July 2012, being the effective date of new board lots of 4,000 Shares, new certificate of the Shares will be issued in new board lot size of 4,000 Shares. Save for the change in board lot size, no change will be made to the English and Chinese stock short names of the Company, the existing share certificates, the trading currency of the Shares and the Hong Kong branch share registrar and transfer office (which is Tricor Secretaries Limited) of the Company following the Transfer of Listing.

GEM SHARE OPTION SCHEME

The 2003 Share Option Scheme was adopted on 24 October 2003 in place of the 2001 Share Option Scheme, which was terminated on the same day.

As at the date of this announcement, no outstanding options had been granted pursuant to the 2001 Share Option Scheme.

Pursuant to the 2003 Share Option Scheme, the Board may, at its discretion, grant options to any qualifying participants (including but not limited to any full time employee of the Group and any person who, in the sole discretion of the Board, has contributed or will contribute to the Group) entitling them

to subscribe for the Shares. As at the date of this announcement, outstanding share options that have been granted under the 2003 Share Option Scheme would entitle the holders thereof to subscribe for 4,000,000 Shares.

Save for the outstanding options granted previously under the 2003 Share Option Scheme which would entitle holders thereof to subscribe for 4,000,000 Shares, the Company did not issue any other options, warrants or similar rights or convertible equity securities the underlying Shares of which will be transferred to the Main Board.

The 2003 Share Option Scheme will remain effective after the Transfer of Listing and will be implemented in full compliance with Chapter 17 of the Listing Rules. The number of additional share options that may be granted under the 2003 Share Option Scheme is 252,300,768 Shares.

The listing of the Shares issued and to be issued pursuant to the 2003 Share Option Scheme will also be transferred to the Main Board.

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

Pursuant to Rule 9A.12 of the Listing Rules, the general mandates granted to the Directors to allot and issue new Shares and repurchase Shares by the Shareholders at the annual general meeting of the Company held on 16 April 2012 will continue to be valid and remain in effect until 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 or any applicable laws to be held; and
- (c) the revocation or variation of such authority by an ordinary resolution of Shareholders in general meeting.

COMPETING INTERESTS OF CONTROLLING SHAREHOLDER

Principal business of the Group

The Group is principally engaged in (i) the investment, operation and management of city gas pipeline infrastructure, distribution of piped gas to residential, industrial and commercial users; (ii) the construction and operation of compressed natural gas filling stations for vehicle; and (iii) the exploration, exploitation

and development of coalbed methane in the PRC. Whilst the Group's main revenue is derived from the sales of piped gas, it will continue its strategy of downstream gas distribution. As set out in the Company's audited financial statements for 2011, its turnover can be broken down as follows:–

	2011		2010		Changes
	<i>HK\$'000</i>	% of total %	<i>HK\$'000</i>	% of total %	
Sales of piped gas	1,231,876	68.6	721,374	61.7	70.8
Connection revenue from gas pipeline construction	394,470	22.0	305,205	26.1	29.2
Operation of CNG filling stations	123,373	6.9	88,765	7.6	39.0
Sales of liquefied petroleum gas	40,974	2.3	38,379	3.3	6.8
Sales of stoves and related equipment	3,626	0.2	15,746	1.3	(77.0)
Total	<u>1,794,319</u>	<u>100.0</u>	<u>1,169,469</u>	<u>100.0</u>	<u>53.4</u>

As evident from the above, approximately 90% of the Group's revenue is derived from sales of piped gas and connection revenue from gas pipeline construction.

As at 31 March 2012, the accumulated connected residential households, accumulated connected industrial users and accumulated connected commercial users of the Group were 548,336 users, 360 users and 1,842 users respectively. The turnover of the Group for the year ended 31 December 2011 and net assets as at the same date were approximately HK\$1,794,319,000 and HK\$1,229,140,000 respectively. The unit of piped natural gas sold by the Group for the year ended 31 December 2011 amounted to 418,072,000 m³.

In the future, the Group intends to expand its downstream natural gas distribution with a focus on higher margin commercial and industrial users and gas refueling stations, with the goal of increasing its penetration rate in the nine cities in Henan and Shandong provinces it is currently operating in.

Principal business of controlling shareholder

China Gas is the controlling shareholder of the Company. According to its 2011 annual report, China Gas is a natural gas services operator and is principally engaged in the investment, construction and management of city gas pipeline infrastructure, distribution of natural gas and liquefied petroleum gas to residential, industrial and commercial users, construction and operation of oil stations and gas stations, and development and application of oil, natural gas and liquefied petroleum gas related technologies in the PRC.

According to the 2011/12 interim report of China Gas, as at 30 September 2011, China Gas and its subsidiaries ("China Gas Group") had secured 151 city piped gas projects (with exclusive concession rights), 9 long distance natural gas pipeline projects, 112 CNG refilling stations for vehicles, 1 natural gas development project and 44 LPG distribution projects in 20 provinces, autonomous regions and

directly administered cities in the PRC. As at 30 September 2011, the accumulated connected domestic households, accumulated connected industrial users and accumulated connected commercial users of China Gas Group were 6,608,827 users, 1,428 users and 40,553 users respectively. Based on its 2011 annual report, turnover and net assets of China Gas Group as at 31 March 2011 were HK\$15,861,880,000 and HK\$10,338,156,000 respectively. The natural gas sales volume and LPG sales volume of China Gas Group as at 31 March 2011 amounted to 4,452,403,000 m³ and 984,600 tonnes respectively.

As disclosed in its 2011 annual report, China Gas Group will, in the financial year 2012, further speed up mergers and acquisitions in the LPG sector. China Gas Group will step up its efforts in integrating the retail markets by completing the merger and acquisition and consolidation of Panva Gas Holdings Limited (“Panvas”), which is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in terminal retail business of LPG in the PRC according to the announcements made by China Gas on 10 March 2011, 29 April 2011, 31 May 2011, 6 June 2011 and 29 May 2012. As the above announcements on Panvas made by China Gas contained very limited information on the business and operations of Panvas, the Directors are not in a position to form a view as to whether the business of Panvas competes or may compete with the Group’s businesses. Since sales of liquefied petroleum gas were only about 3% of the Group’s total revenue in 2010 and 2011 as shown in the above table on the breakdown of the Company’s turnover, in the event that any competition exists in this segment of the Group’s business, such competition is not considered by the Company to be material. According to its 2011 annual report, China Gas will also accelerate the mergers and acquisitions of quality assets in regions where China Gas Group’s existing project companies are operated, in a bid to swiftly transform those project companies into regional market leaders. In the next five years, China Gas Group envisages that it will supply natural gas to more than 12,000,000 households, and LPG to more than 30,000,000 households, serving over 150 million customers in total.

According to information available on the Stock Exchange’s website, as at the date of this announcement, the board of China Gas comprises Mr. Leung Wing Cheong, Eric, Mr. Pang Yingxue, Mr. Zhu Weiwei and Mr. Ma Jinlong as executive directors, Mr. Feng Zhuozhi, Mr. Jo Yamagata, Mr. P K Jain, Mr. Moon Duk Kyu (his alternate is Mr. Kim Yong Joong) and Mr. Mulham Al-Jarf (his alternate is Mr. Mark D. Gelinas) as non-executive directors and Mr. Zhao Yuhua, Dr. Mao Erwan and Ms. Wong Sin Yue, Cynthia as independent non-executive directors.

The Company has no direct access to information on China Gas’ current projects but notes the information published by China Gas in its 2011 annual report on dated 28 June 2011 and its 2011/12 interim report dated 29 November 2011. China Gas’ projects are excluded from and, as far as the Company is aware, not intended to be injected into the Group because both businesses have developed separately and China Gas only became a controlling shareholder after the general offer by China Gas’ subsidiary in 2010.

Competing interests

In so far as the existing pipeline gas projects of the Group in the PRC are concerned, the Group and China Gas are not competing with each other due to the nature of the natural gas industry in the PRC. As the piped gas supply business in the PRC requires substantial capital investment and extensive

construction and installation of gas pipeline infrastructure, it is practically and economically not feasible to have more than one gas operator to operate in one location. As such, a gas operator and the relevant local authorities will enter into a concession agreement pursuant to which the gas operator will be granted exclusive rights to operate pipeline gas projects in designated areas in the PRC. The exclusive nature of concession rights granted to a gas operator to operate a pipeline gas project in one location in the PRC effectively means there is no competition from another gas operator within the Group's operational location where it is the sole and exclusive operator. Therefore, while the Group and China Gas have pipeline gas projects in Shandong province in the PRC, their operational locations do not overlap because it is practically not feasible for China Gas to provide pipeline gas services in the same location where the Group has established operations in respect of its existing concessions. According to its 2011 annual report, the operational locations of China Gas' pipeline gas projects in Shandong province are Dezhou and Qingdao. The Group's operational location for its pipeline gas project in Shandong province is Linyi.

In relation to the construction and operation of gas stations in the PRC, whilst there may be competition between the Group and China Gas in this business segment in the future, as shown in the above table on the breakdown of the Company's turnover, sales from CNG filling stations were only about 7% of the Group's total revenue in 2010 and 2011. Consequently, competition in this segment of the Group's business is not considered by the Company to be material. Moreover, China Gas does not currently have any CNG filling station in the nine locations where the Group is operating CNG filling stations, or the six locations where the Group is constructing new CNG filling stations. As the Group only operates CNG filling stations and does not operate oil stations, liquefied petroleum gas stations or liquefied natural gas stations, there is no overlapping of operational location between the Group and China Gas in respect of oil stations, liquefied petroleum gas stations or liquefied natural gas stations.

No non-competition undertaking or indemnity has been given by China Gas to the Company in respect of the businesses of China Gas which may potentially compete with the businesses of the Group.

The Company has been listed on GEM since 5 June 2001 with substantial assets and business. It was only after the completion of the voluntary general offer from China Gas to acquire all of the outstanding convertible bonds, share options and issued shares in the share capital of the Company in 2010 that China Gas became a controlling shareholder of the Company. To the best of the knowledge, information and belief of the Directors, there is no present intention of China Gas to inject any of its business into the Group in the future. Given the exclusivity that comes with concession, the fact that Group's management was independent of China Gas in the period leading up to the general offer in 2010 and thereafter remained independent in the manner described below, the Company does not believe that China Gas' operations are in competition with the Group. As the Group has its own pipelines and is capable of constructing or engaging independent third parties to construct gas pipelines, the Group has not used, nor does it intend to use the main pipeline of China Gas for gas transmission in its operations. As such, no continuing connected transaction between the Group and China Gas is contemplated after the Transfer of Listing.

Whilst there is no existing competition between the Group and China Gas, bearing in mind the independence of the Group, there is no assurance that there will not, in future, be competition between the Group and China Gas for new projects. As evidenced below, the Group's management has always been independent of China Gas. In fact, from the time the Company listed on GEM on 5 June 2001 till the general offer by China Gas in 2010, the Group has had, and continues to have, management, operational and financial independence. To the extent China Gas has no representatives on the Board, there is no conflict of interest when the Board considers new projects and if there is competition with another bidder for concession rights, the Group will decide accordingly regardless of whether the rival bid is from China Gas or not.

Management, operational and financial independence of the Group

The Group is independent from China Gas in the following aspects:

(a) *Management independence*

The Board currently comprises three executive Directors, one non-executive Director and three independent non-executive Directors. None of the current Directors are nominated by China Gas. For the period between September 2010 and April 2011, two out of nine Directors were nominated by China Gas and they were not involved in the day-to-day management of the business of the Group. As one of the nominee directors of China Gas was not in a position to discharge his director's duties as a result of his arrest and detention by the Shenzhen Municipal Public Security Bureau in the PRC on 17 December 2010, he was removed at the extraordinary general meeting in March 2011. The other nominee director of China Gas was not re-elected at the annual general meeting in April 2011 because more than 50% of the votes were cast against the resolution for his re-election as a director. As such, the nominee directors of China Gas are no longer Directors. Accordingly, there is no overlap between the management team of the Company and that of China Gas.

(b) *Operational independence*

While China Gas has a controlling interest in the Company, the Board has full right to make all decisions relating to the business operations of the Group independently. The Group has sufficient capital, equipment and employees to operate its business independently from China Gas.

The Directors do not expect that there will be any business transactions between the Group and China Gas and its associates in the foreseeable future. The Group can access its suppliers and customers independently of China Gas.

(c) *Financial independence*

In connection with the general offer, China Gas had advanced a loan facility of up to US\$19,000,000 to the Company for the sole and exclusive purpose of redeeming the convertible bonds which were due because of a change of control in the Company after completion of the general offer in

2010. The Company repaid the loan in the amount of US\$18,507,044.40 and all interest accrued thereon to China Gas on 28 April 2011. Save as disclosed above, the Company has not relied on the financial support of China Gas and has always been financially independent of China Gas.

The Group has its own financial management system, internal controls and accounting systems, accounting and finance department, independent treasury function for receipts and payments and the ability to operate independently from China Gas from a financial perspective.

Based on the above reasons, the Directors are of the view that the Company is capable of carrying on its business independently of China Gas.

As at the date of this announcement, none of the Directors or any of their respective associates had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

If at some point in the future, China Gas nominates and secures representation on the Board and in the event that the Group proposes to enter into a transaction which potentially competes with China Gas, the Company will require such directors to comply with the law and Listing Rules as to conflicts of interest and all directors with material conflicts of interest shall not participate in the relevant meeting and shall not be counted in the quorum for the resolution in respect of such transaction.

BIOGRAPHICAL INFORMATION OF DIRECTORS

The Company discloses below the biographical information of each Director:

EXECUTIVE DIRECTORS

Mr. Wang Wenliang, aged 41, is the Chairman and the Chief Executive Officer 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 date of this announcement, 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.

Save as disclosed above, Mr. Wang does not hold any other position with the Group and does not hold any directorship in any other listed companies in Hong Kong or overseas in the last three years. Save as disclosed above, he has no relationships with any Directors, senior management or substantial or controlling shareholders of the Company.

Mr. Wang has not entered into any service agreement with the Company in respect of his directorship. The remuneration of Mr. Wang is decided by the remuneration committee of the Company, having regard to the Company's operating results, individual performance and comparable market statistics. For the year ended 31 December 2011, Mr. Wang received a director's fee of approximately HK\$2,920,000

Save as disclosed above, 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.

Mr. Lu Zhaoheng, aged 48, is the executive Director of the Company and is mainly responsible for the management of the Group's piped natural gas projects. He was appointed as an executive Director on 24 June 2004. Mr. Lu is also a director of the following subsidiaries of the Company, namely, 臨沂中裕燃氣有限公司 (Linyi Zhongyu Gas Co. Ltd.), 偃師中裕燃氣有限公司 (Yantis Zhongyu Gas Co., Ltd.), 中裕(河南)能源控股有限公司 (Zhongyu (Henan) Energy Holdings Ltd.), 河南中裕煤層氣開發利用有限公司 (Henan Zhongyu Coalbed Methane Development and Utilization Co., Ltd.) and 中裕(焦作)煤層氣開發利用有限公司 (Zhongyu Jiaozuo CMB Development and Utilization Co., Ltd.). Mr. Lu graduated from 重慶建築工程學院 (The Architecture and Engineering Institute of Chongqing) in July 1984, specialising in City Natural Gas Heat Energy Engineering. Mr. Lu has accumulated about twenty-eight years of experience in the development and commercialisation of natural gas in the PRC. Mr. Lu held various positions in 河南省城鄉規劃設計研究院 (The City Planning Design Institute of Henan Province) and was mainly responsible for the planning, design and consultation regarding natural gas projects.

As at the date of this announcement, Mr. Lu is directly interested in 3,000,000 Shares. Save as disclosed above, Mr. Lu does not have any interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Lu does not hold any other position with the Group and does not hold any directorship in any other listed companies in Hong Kong or overseas in the last three years. He has no relationships with any Directors, senior management or substantial or controlling shareholders of the Company.

Mr. Lu has not entered into any service agreement with the Company in respect of his directorship. The remuneration of Mr. Lu is decided by the remuneration committee of the Company, having regard to the Company's operating results, individual performance and comparable market statistics. For the year ended 31 December 2011, Mr. Lu received salaries and other benefits of approximately HK\$1,378,000.

Save as disclosed above, 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.

Mr. Lui Siu Keung, aged 40, was appointed as an Executive Director of the Company on 22 October 2007 and is the Chief Financial Officer, Company Secretary and Qualified Accountant of the Company. Mr. Lui is also a director of the following subsidiaries of the Company, namely, 中國天然氣建設發展有限公司 (China Gas Construction Expansion Company Limited), 中國城市燃氣建設控股有限公司 (China City Gas Construction Holdings Company Limited), 中國城市燃氣建設開發有限公司 (China City Gas Construction Explore Company Limited), 中國城市燃氣建設發展有限公司 (China City Gas Construction Development Company Limited), 中國城市燃氣建設投資有限公司 (China City Gas Construction Investment Company Limited), Zhongyu Gas Investment Limited and 中裕燃氣投資有限公司 (Zhongyu Gas Investment Limited). He joined the Company in 2003 and is responsible for the financial, financing and investor relations activities of the Group. Mr. Lui has approximately sixteen years of experience in corporate finance, accounting and auditing fields. He graduated from The Hong Kong Polytechnic University with a bachelor of arts degree in accountancy in November 1996. Mr. Lui is an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Lui is an independent non-executive director of Co-Prosperity Holdings Limited (Stock Code: 707).

As at the date of this announcement, Mr. Lui is directly interested in 6,000,000 Shares. Save as disclosed above, Mr. Lui does not have any interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Lui does not hold any other position with the Group and does not hold any directorship in any other listed companies in Hong Kong or overseas in the last three years. He has no relationships with any Directors, senior management or substantial or controlling shareholders of the Company.

Mr. Lui has not entered into any service agreement with the Company in respect of his directorship. The remuneration of Mr. Lui is decided by the remuneration committee of the Company, having regard to the Company's operating results, individual performance and comparable market statistics. For the year ended 31 December 2011, Mr. Lui received salaries and other benefits of approximately HK\$2,446,000.

Save as disclosed above, 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.

NON-EXECUTIVE DIRECTOR

Mr. Xu Yongxuan, aged 67, is the Vice Chairman of the Company. Mr. Xu was appointed as a non-executive Director and Vice Chairman of the Company on 12 March 2004. Mr. Xu had been an executive director of Greater China Holdings Limited, the issued shares of which are listed on the main board of the Stock Exchange for the period from October 2001 to January 2004.

As at the date of this announcement, Mr. Xu has share options with the right to subscribe for 1,000,000 Shares. Save as disclosed above, Mr. Xu does not have any interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Xu does not hold any other position with the Group and does not hold any directorship in any other listed companies in Hong Kong or overseas in the last three years. He has no relationships with any Directors, senior management or substantial or controlling shareholders of the Company.

Mr. Xu has not entered into any service agreement with the Company in respect of his directorship. The remuneration of Mr. Xu is decided by the remuneration committee of the Company, having regard to the Company's operating results, individual performance and comparable market statistics. For the year ended 31 December 2011, Mr. Xu received a director's fee of approximately HK\$240,000.

Save as disclosed above, 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Li Chunyan, aged 48, 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 has 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 date of this announcement, Mr. Li has share options 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.

Save as disclosed above, Mr. Li does not hold any other position with the Group and does not hold any directorship in any other listed companies in Hong Kong or overseas in the last three years. He has no relationships with any Directors, senior management or substantial or controlling shareholders of the Company.

Mr. Li has not entered into any service agreement with the Company in respect of his directorship. The remuneration of Mr. Li is decided by the remuneration committee of the Company, having regard to the Company's operating results, individual performance and comparable market statistics. For the year ended 31 December 2011, Mr. Li is paid a director's fee of HK\$167,000.

Save as disclosed above, 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.

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.

As at the date of this announcement, Dr. Luo has share options 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.

Save as disclosed above, Dr. Luo does not hold any other position with the Group and does not hold any directorship in any other listed companies in Hong Kong or overseas in the last three years. He has no relationships with any Directors, senior management or substantial or controlling shareholders of the Company.

Dr. Luo has not entered into any service agreement with the Company in respect of his directorship. The remuneration of Dr. Luo is decided by the remuneration committee of the Company, having regard to the Company's operating results, individual performance and comparable market statistics. For the year ended 31 December 2011, Dr. Luo is paid a director's fee of HK\$167,000.

Save as disclosed above, 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.

Mr. Hung, Randy King Kuen, aged 46, 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 30 September 2004. Mr. Hung is a fellow certified public accountant in Hong Kong and a certified public accountant in the United States. Currently, he is an executive director of China Fiber Optic Network System Group Limited (Stock Code: 3777) from 1 May 2010 to the present and a non-executive director of China Shineway Pharmaceutical Group Limited (Stock Code: 2877) from 1 June 2011 to the present. Mr. Hung is a member of the American Institute of Certified Public

Accountants, a fellow of the Hong Kong Institute of Certified Public Accountants, a member of the Hong Kong Securities Institute, and a council member of the Hong Kong Institute of Directors, and an executive committee member of the Hong Kong Investor Relations Association. Mr. Hung obtained a distance learning MBA degree in international management from the University of London in August 2008, a bachelor's degree of accounting and a certificate in programming and data processing from the University of Southern California in May 1988 and March 1988 respectively, a certificate in China Accounting, Finance, Taxation and Law from the Chinese University of Hong Kong in June 1999 and a Hong Kong Securities Institute Specialist Certificate in corporate finance in November 2003.

As at the date of this announcement, Mr. Hung has share options with the right to subscribe for 1,000,000 Shares. Save as disclosed above, Mr. Hung does not have any interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Hung does not hold any other position with the Group and does not hold any directorship in any other listed companies in Hong Kong or overseas in the last three years. He has no relationships with any Directors, senior management or substantial or controlling shareholders of the Company.

Mr. Hung has not entered into any service agreement with the Company in respect of his directorship. The remuneration of Mr. Hung is decided by the remuneration committee of the Company, having regard to the Company's operating results, individual performance and comparable market statistics. For the year ended 31 December 2011, Mr. Hung is paid a director's fee of HK\$163,000.

Save as disclosed above, 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.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for viewing on the website of the Stock Exchange at <http://www.hkexnews.hk> and on the website of the Company at <http://www.zygas.com.hk>:

- (a) the annual report of the Company for the year ended 31 December 2011 including, inter alia, the directors' report and financial statements for the year ended 31 December 2011;
- (b) the interim report of the Company for the six months ended 30 June 2011, the third quarterly report of the Company for the nine months ended 30 September 2011 and the first quarterly report of the Company for the three months ended 31 March 2012;
- (c) the memorandum and articles of association of the Company;
- (d) the circular of the Company dated 24 February 2011 in relation to the proposed removal of director, proposed amendments to articles of association and notice of extraordinary general meeting;

- (e) the circular of the Company dated 31 March 2011 in relation to general mandates for the issue of new Shares and the repurchase of Shares, proposed refreshment of scheme mandate limit and re-election of retiring Directors;
- (f) the circular of the Company dated 21 March 2012 in relation to general mandates for the issue of new Shares and the repurchase of Shares, proposed refreshment of scheme mandate limit and re-election of retiring Directors; and
- (g) the announcements and other corporate communications made by the Company prior to the date of this announcement as required under the GEM Listing Rules and the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“2001 Share Option Scheme”	the share option scheme adopted by the Company on 21 May 2001 and terminated on 24 October 2003
“2003 Share Option Scheme”	the share option scheme adopted by the Company on 24 October 2003
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“China Gas”	China Gas Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board (stock code: 384), controlling shareholder of the Company
“Company”	Zhongyu Gas Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on GEM
“Directors”	the director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended from time to time
“Group”	the Company and its subsidiaries from time to time
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Main Board”	the stock market operated by the Stock Exchange prior to the establishment of GEM (excluding the options market) which stock market continues to be operated by the Stock Exchange in parallel with GEM. For the avoidance of doubt, the Main Board excludes GEM
“PRC”	The People’s Republic of China, excluding for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transfer of Listing”	the transfer of listing of the Shares from GEM to the Main Board

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

Hong Kong, 29 June 2012

As at the date of this announcement, the executive Directors are Mr. Wang Wenliang, Mr. Lu Zhaoheng and Mr. Lui Siu Keung, the non-executive Director is Mr. Xu Yongxuan and the independent non-executive Directors are Mr. Li Chunyan, 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 Main Board and GEM 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 announcement 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 announcement misleading.

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 the Company’s website at <http://www.zygas.com.cn>.