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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: 8070)

DISCLOSABLE TRANSACTION

On 7 September 2009, Mr. Zhao as vendor and Zhongyu Henan, a wholly-owned subsidiary of the Company, as purchaser entered into the Equity Transfer Agreement, pursuant to which Mr. Zhao has conditionally agreed to sell to Zhongyu Henan the entire equity interest held by him in Nanjing Yulian in accordance with the terms of the Equity Transfer Agreement.

INTRODUCTION

On 7 September 2009, Mr. Zhao as vendor and Zhongyu Henan, a wholly-owned subsidiary of the Company, as purchaser entered into the Equity Transfer Agreement, pursuant to which Mr. Zhao has conditionally agreed to sell to Zhongyu Henan the entire equity interest held by him in Nanjing Yulian in accordance with the terms of the Equity Transfer Agreement.

EQUITY TRANSFER AGREEMENT

Date of the Equity
Transfer Agreement: 7 September 2009

Parties: (1) Mr. Zhao, as the vendor
(2) Zhongyu Henan, as the purchaser

Assets to be acquired: the entire equity interest in Nanjing Yulian

Consideration: RMB65 million (equivalent to approximately HK\$73.8 million), which is payable by Zhongyu Henan to Mr. Zhao on the date of completion of the Transaction

- Conditions Precedent:
- (1) Zhongyu Henan obtaining approval from its Board to enter into the Equity Transfer Agreement
 - (2) The terms of and the representations and warranties given in the Equity Transfer Agreement have not been breached Zhongyu Henan may give written notice to Mr. Zhao at any time to waive any of the above conditions precedent.
- Completion: Completion of the Transaction shall take place on the third business days after all the conditions precedent are fulfilled

BASIS FOR DETERMINATION OF THE CONSIDERATION AND PAYMENT

The Consideration of RMB65 million (equivalent to approximately HK\$73.8 million) was determined after arm's length negotiation between the parties to the Equity Transfer Agreement with reference primarily to the agreed values of the licences granted to Nanjing Yulian to construct eight compressed natural gas filling stations in Nanjing.

The Group intends that the cash consideration payable under the Equity Transfer Agreement will be funded out of internal resources.

NET ASSET VALUE AND NET PROFITS ATTRIBUTABLE TO THE ASSETS TO BE ACQUIRED

Based on the unaudited consolidated financial statements (which was prepared in accordance with accounting principles generally accepted in PRC) of Nanjing Yulian for the year ended 31 December 2008 and the eight months ended 31 August 2009, the net loss before and after taxation and extraordinary items were approximately RMB568,000 (equivalent to approximately HK\$645,000) and approximately RMB532,000 (equivalent to approximately HK\$604,000) respectively. The unaudited net asset value of Nanjing Yulian as at 31 December 2008 was approximately RMB9,432,000 (equivalent to approximately HK\$10,706,000).

REASONS AND BENEFIT FOR TRANSACTION

The Directors (including independent non-executive Directors) are of the view that the entering into of the Equity Transfer Agreement could provide an opportunity for the Group to further invest in the compressed natural gas filling business in the PRC in order to enlarge the geographical coverage of its operation. In addition, the Transaction would enhance the Group's turnover and results as well as provide steady cash flows to the Group in the near future.

Accordingly, the Directors (including independent non-executive Directors) considered that the terms of the Equity Transfer Agreement are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP

The Group is principally engaged in the development, construction and operation of natural gas projects in the PRC, which includes the design and construction of natural gas pipeline network and ancillary facilities and sale of natural gas, as well as sale and maintenance of natural gas appliances.

INFORMATION ON NANJING YULIAN

Nanjing Yulian, which is wholly owned by Mr. Zhao, was established on 19 October 2007 in the PRC. It is an investment holding company and has no other business save for the holding of 70% equity interests in 南京裕聯天然氣加氣有限公司 (Nanjing Yulian Natural Gas Filling Company Limited) (“Nanjing Yulian NG Filling”). Nanjing Yulian obtained approval from local authorities of Nanjing, the PRC to construct a total of eight compressed natural gas filling stations in Nanjing.

Nanjing Yulian NG Filling was established on 18 February 2009 in the PRC. It is owned as to 70% equity interests by Nanjing Yulian and the remaining 30% equity interests by 南京市汽車工業銷售股份有限公司 (Nanjing City Vehicle Industry Sales Shareholding Company Limited). Nanjing Yulian NG Filling is mainly engaged in the operation of compressed natural gas vehicle filling station in Nanjing, the PRC.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, Mr. Zhao, Nanjing Yulian and Nanjing Yulian NG Filling are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Transaction exceed 5% but all those applicable percentage ratios are less than 25%, the Transaction constitutes a discloseable transaction of the Company under the GEM Listing Rule.

DEFINITIONS

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

“Board”	board of Directors
“Company”	Zhongyu Gas Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on GEM
“Consideration”	the consideration for the Transaction of RMB65 million (equivalent to approximately HK\$73.8 million)
“Equity Transfer Agreement”	the equity transfer agreement dated 7 September 2009 entered into between Mr. Zhao as vendor and Zhongyu Henan as purchaser in relation to the sale and purchase of the entire equity interest in Nanjing Yulian
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Mr. Zhao”	Mr. Zhao Wei Liang (趙維亮), a PRC individual, the vendor of the Equity Transfer Agreement
“Nanjing Yulian”	南京裕聯壓縮氣有限公司 (Nanjing Yulian Compressed Gas Company Limited), a company established in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“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
“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

“Transaction”	the sale and purchase of the entire equity interest in Nanjing Yulian contemplated under the Equity Transfer Agreement
“Zhongyu Henan”	中裕(河南)能源控股有限公司 (Zhongyu (Henan) Energy Holdings Ltd.), a wholly-owned subsidiary of the Company, established in the PRC with limited liability
“%”	per cent.

For the purpose of this announcement, unless otherwise indicated, the exchange rate of HK\$1.00=RMB0.881 have been used for currency translation, where applicable. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amount in HK\$ or RMB have been, could have been or may be converted at such or any other rates or at all.

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

Hong Kong, 7 September 2009

As at the date of this announcement, the executive directors of the Company are Mr. Wang Wenliang, Mr. Hao Yu, Mr. Lu Zhaocheng and Mr. Lui Siu Keung, the non-executive director is Mr. Xu Yongxuan 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 of the Company 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 Company. The directors of the Company, 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 seven days from the date of its publication and on the Company’s website at <http://www.zygas.com.cn>.