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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)

ANNOUNCEMENT PURSUANT TO RULE 17.10 OF THE GEM LISTING RULES

Reference is made to the announcement made by Zhongyu Gas Holdings Limited (the “**Company**”) on 28 December 2010 (the “**Announcement**”). Unless the context requires otherwise, terms used in this announcement shall have the same meanings as defined in the Announcement.

Since the publication of the Announcement, the Company has been maintaining on-going contact with China Gas about the Incident to ensure that it is kept informed of any developments or further information about the Incident.

The Company has been informed by China Gas that according to the preliminary enquiry made by the PRC legal counsel engaged by China Gas (“**PRC Legal Counsel**”) with the Shenzhen Municipal Public Security Bureau (the “**Shenzhen PSB**”), Mr. Huang Yong, an executive director of the Company who was appointed to the Board by China Gas on 15 September 2010, has been detained for investigation by the Shenzhen PSB since 18 December 2010 for suspected embezzlement of assets of an organisation in which they have duties (職務侵佔罪). The PRC Legal Counsel has advised that, according to PRC law, such offence may be committed by any person who misappropriates the assets of an organisation by virtue of abusing his position held in that organisation. However, so far as the Board is aware, the Company has not filed any report or complaint with government authorities in the PRC in respect of Mr. Huang Yong.

As far as the Company is aware, the Incident is not related to any of the Company’s transactions. As at the date of this announcement, the Company and its subsidiaries have not been notified that it is the subject of any investigation by any governmental authorities in the PRC and none of the directors or management of the Group (other than Mr. Huang Yong) have been questioned or investigated by any governmental authorities in the PRC. Consequently, the Company believes that the suspected embezzlement of assets referred to above is not related to the Group’s assets.

China Gas has informed the Company that the Shenzhen PSB has not permitted the PRC Legal Counsel to make contact with Mr. Huang Yong and neither the Company or China Gas is able to obtain further information about the Incident directly from Mr. Huang Yong. The Company will continue to maintain on-going contact and make necessary enquiries with China Gas regarding the Incident and will make a further announcement in accordance with the Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange (“**GEM Listing Rules**”) if necessary.

Further details of this Incident have been published on the Stock Exchange by China Gas in its announcement dated 4 January 2011 and your attention is drawn to that announcement.

The Board (save for Mr. Huang Yong who has not been contactable since the Incident), believes that the Incident would not affect the operations of the Company and its subsidiaries (the “**Group**”) as Mr. Huang Yong was not involved in the day-to-day management of the business of the Group. The business of the Group continues to be conducted as usual.

At the request of the Company, trading in the Shares has been suspended with effect from 9:30 a.m. on 20 December 2010 until further notice.

Shareholders and potential investors should exercise caution when dealing in the Shares.

By Order of the Board
Zhongyu Gas Holdings Limited
Lui Siu Keung
Executive Director and Company Secretary

Hong Kong, 4 January 2011

As at the date of this announcement, the executive Directors are Mr. Wang Wenliang, Mr. Lu Zhaoheng, Mr. Lui Siu Keung and Mr. Huang Yong, the non-executive Directors are Mr. Xu Yongxuan and Mr. Xu Chao Ping 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 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:– (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 the Company’s website at <http://www.zygas.com.cn>.