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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)

(1) REMOVAL OF DIRECTOR; AND (2) AMENDMENT TO ARTICLES OF ASSOCIATION; AND (3) STATUS OF PUBLIC FLOAT

REMOVAL OF DIRECTOR

The Board proposes to remove Mr Huang as a director of the Company by way of a special resolution in accordance with the Company's articles of association.

AMENDMENT TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

The Board proposes to amend the Company's articles of association to keep it in line with Appendix 3 of the GEM Listing Rules.

STATUS OF PUBLIC FLOAT

The Stock Exchange has granted a waiver from the public float requirements under Rule 11.23 of the GEM Listing Rules to 5 May 2011. The Company will continue its endeavors to restore the public float and will maintain discussions with China Gas in this respect.

Reference is made to the announcements by Zhongyu Gas Holdings Limited (the "**Company**") on 28 December 2010, 4 January 2011 and 31 January 2011 (the "**Announcements**"). Unless the context requires otherwise, terms used in this announcement shall have the same meanings as defined in the Announcements.

REMOVAL OF DIRECTOR

As at the date of this announcement, no additional information has been obtained regarding the arrest of Mr Huang. 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) have been questioned or investigated by any governmental authorities in the PRC. The business of the Group continues to be conducted as usual.

As a result of Mr Huang's arrest and detention at the detention centre in Shenzhen, Mr Huang will not be involved in the affairs of the Company. The Board (save for Mr Huang who has not been contactable since the Incident), believes that the Incident would not affect the operations of the Group as Mr Huang was not involved in the day-to-day management of the business of the Group. In light of the circumstances surrounding the Incident, the Board considers that it is in the best interest of the Company and proposes to remove Mr Huang as a director of the Company ("**Proposed Removal**"). The Proposed Removal is subject to approval by shareholders of the Company by way of a special resolution at the extraordinary general meeting ("**EGM**") to be convened as soon as practicable. In the event Mr Huang is released without any charges or conviction, the Board will then consider re-appointing Mr Huang to his position as an executive director of the Company.

AMENDMENT TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

The Board proposes to amend ("**Proposed Amendments**") the Company's articles of association ("**Article(s)**") as set out below (renumbering of chapter, article, paragraph and sub-paragraph is omitted) to keep it in line with Appendix 3 of the GEM Listing Rules.

Details of the proposed amendments:–

1. A new sub-paragraph as set out below, be added as sub-paragraph (3) of the Article 75:

“Where any Member is, under the rules of the Designated Stock Exchange, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.”

The Company confirms that there is nothing unusual about the proposed amendment to the Articles of Association for a company listed in Hong Kong. The Proposed Amendments are subject to approval by shareholders of the Company by way of a special resolution at the EGM. A circular containing, among other things, details of the Proposed Amendments and the Proposed Removal with the notice of the EGM will be despatched to shareholders of the Company as soon as practicable.

2. The original sub-paragraph 5 of the Article 86 which reads:

“Subject to any provision to the contrary in these Articles the Members may, at any general meeting convened and held in accordance with these Articles, by special resolution remove a Director at any time before the expiration of his period of office notwithstanding anything in these Articles or in any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement).”

is to be deleted in its entirety and replaced by the following new sub-paragraph 5:–

“The Members may, at any general meeting convened and held in accordance with these Articles, by ordinary resolution remove a Director at any time before the expiration of his period of office notwithstanding anything to the contrary in these Articles or in any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement).”

STATUS OF PUBLIC FLOAT

The Further Waiver in relation to the public float of the Company ended on 5 February 2011, and the Company has made a further application to the Stock Exchange to seek a waiver from the public float requirements under Rule 11.23 of the GEM Listing Rules for a further 3 months. The Stock Exchange has granted a further waiver from the public float requirements under Rule 11.23 of the GEM Listing Rules to 5 May 2011. The Company will continue its endeavors to restore the public float and will maintain discussions with China Gas in this respect.

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

Hong Kong, 22 February 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>.