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ANNOUNCEMENT
(1) PURSUANT TO RULE 13.09(1) OF THE LISTING RULES
(2) APPOINTMENT OF DIRECTOR
(3) ESTABLISHMENT OF AD HOC MANAGEMENT COMMITTEE
AND
(4) SUSPENSION OF TRADING

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

The Board noted that Mr. Liu, the managing and executive director of the Company, and Mr. Huang, the executive president of the Company and an executive director of Zhongyu Gas Holdings Limited (a subsidiary of the Company the securities of which are listed on the GEM Board of the Stock Exchange), were escorted away by certain individuals who claimed that they represented the Shenzhen Municipal Public Security Bureau in the PRC on 17 December 2010 from the Company's office in Shenzhen. The Company wishes to state that it is making necessary enquiries for the purpose of verifying the Incident.

In view of the Incident, the Board, on 23 December 2010, resolved that:

- (i) Mr. Leung be appointed as an executive director of the Company with effect from 23 December 2010;
- (ii) Mr. Leung and Mr. Zhu be appointed as Joint Managing Directors (Acting) of the Company with effect from 23 December 2010; and
- (iii) the Company will set up an ad hoc management committee to oversee the Group's operating activities.

Trading in the shares of the Company has been suspended at the request of the Company with effect from 9:30 a.m. on 20 December 2010 pending the release of this announcement. Subject to the publication of a further announcement about the Incident, the trading in the Shares in the Company will remain suspended until further notice.

This announcement is made pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**").

The board of directors (the “**Board**”) of China Gas Holdings Limited (the “**Company**”) noted that Mr. Liu Ming Hui (“**Mr. Liu**”), the managing and executive director of the Company, and Mr. Huang Yong (“**Mr. Huang**”), the executive president of the Company and an executive director of Zhongyu Gas Holdings Limited (a subsidiary of the Company the securities of which are listed on the GEM Board of the Stock Exchange), were escorted away by certain individuals who claimed that they represented the Shenzhen Municipal Public Security Bureau in the People’s Republic of China (the “**PRC**”) on 17 December 2010 from the Company’s office in Shenzhen (the “**Incident**”).

The Company has not been able to contact Mr. Liu and Mr. Huang since the Incident and is currently trying to gather more information about the Incident through different channels, including the family members of Mr. Liu and Mr. Huang and the relevant governmental authorities in the PRC. The Company wishes to state that it is making necessary enquiries for the purpose of verifying the Incident and will make a further announcement about the Incident in accordance with the Listing Rules in due course.

So far as the Board is aware, the Company and its subsidiaries (the “**Group**”) have not been investigated or notified of any investigation by any governmental authorities in the PRC, and none of the directors or the management of the Group (except Mr. Liu and Mr. Huang) has been questioned or investigated by governmental authorities in the PRC. Accordingly, the Board is of the view that it is premature at this stage to determine whether the Incident is related to the Group.

In view of the Incident, the Board, on 23 December 2010, resolved that (i) Mr. Leung Wing Cheong, Eric (“**Mr. Leung**”) be appointed as an executive director of the Company with effect from 23 December 2010; (ii) Mr. Leung and Mr. Zhu Wei Wei (“**Mr. Zhu**”), an executive director of the Company be appointed as joint Managing Directors (Acting) (“**Joint Managing Directors (Acting)**”) of the Company with effect from 23 December 2010; and (iii) to set up an ad hoc management committee (“**Ad Hoc Management Committee**” or the “**Committee**”) to oversee the Group’s operating activities.

Appointment of Executive Director

Mr. Leung, aged 50, is currently the chief financial officer of the Company and is responsible for the financial, financing, international business development and investor and media relations activities of the Company. Mr. Leung joined the Company in early 2005 after a 13-year career in investment banking, during which he helped numerous companies in Greater China raise debt and equity capital, especially for energy and infrastructure projects. Investment banks he has served include Lehman Brothers, Barclays Capital and Prudential Securities. His last position before he joined the Company was managing director and head of corporate finance of UFJ Securities. Mr. Leung is a lawyer by training, and is qualified to practice law in Hong Kong, England & Wales and Australia and he holds bachelor degrees from University of Hong Kong and University of London, and a master degree from the Chinese University of Hong Kong.

As of the date of this announcement, Mr. Leung beneficially owns 2,622,000 shares of the Company, representing approximately 0.06% of the issued share capital of the Company and has a beneficial interest in 11,000,000 underlying shares in respect of the share options granted by the Company. Saved as disclosed above, Mr. Leung does not have any interest in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance of Hong Kong. Mr. Leung is not connected with any directors, senior management or substantial shareholders (as defined in the Listing Rules) of the Company.

There is currently an employment contract between Mr. Leung and the Group which has been in place since 2005. No services agreement has been entered into between the Company and Mr.

Leung in respect of his appointment as an executive director of the Company. He is not appointed for a specific term since he is subject to retirement by rotation and re-election in accordance with the bye-laws of the Company.

Save as disclosed in this announcement, there is no information in relation to Mr. Leung which is required to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and there is no other matter which needs to be brought to the attention of the shareholder of the Company.

Appointment of Joint Managing Directors (Acting) and the establishment of Ad Hoc Management Committee

Mr. Leung and Mr. Zhu have been appointed as Joint Managing Directors (Acting) of the Company with effect from 23 Decemeber 2010. Mr. Leung is currently the chief financial officer of the Company and, with effect from 23 December 2010, an executive director of the Company. Mr. Zhu is currently an executive director and the general manager of the capital department of the Company. He joined the Group in 2002 and is responsible for domestic fundings and capital management of the Group.

In order to ensure undisturbed operations of the Group after the Incident, the Company will set up the Ad Hoc Management Committee to be led by the Joint Managing Directors (Acting). The Committee will monitor the day-to-day operations of the Group and carry out the instructions of the Board. The Committee will be comprised of the Joint Managing Directors (Acting), the vice presidents and/or general managers of key functional units which include the Group's LPG business, finance, project development, enterprise management, safety and production, procurement and construction, human resources and general administration.

The Board believes that the appointment of Mr. Leung and Mr. Zhu as Joint Managing Directors (Acting) and the establishment of the Ad Hoc Management Committee would enable smooth daily operations of the Group. Notwithstanding the Incident, the business activities of the Group have been conducted as usual.

Trading in the shares of the Company (the "**Shares**") has been suspended at the request of the Company with effect from 9:30 a.m. on 20 December 2010 pending the release of this announcement. Subject to the publication of a further announcement about the Incident, the trading in the Shares in the Company will remain suspended until further notice.

By the order of the Board of
China Gas Holdings Limited
Li Xiao Yun
Chairman

Hong Kong, 24 December 2010

**for identification purpose only*

As of the date of this announcement, Mr. Li Xiao Yun, Mr. Xu Ying, Mr. Liu Ming Hui, Mr. Leung Wing Cheong, Eric, Mr. Ma Jin Long and Mr. Zhu Wei Wei are the executive Directors, Mr. Feng Zhuo Zhi, Mr. Joe Yamagata, Mr. R.K. Goel, Mr. Moon Duk Kyu and Mr. Mulham Al Jarf are the non-executive Directors and Mr. Zhao Yu Hua, Dr. Mao Er Wan and Ms. Wong Sin Yue, Cynthia are the independent non-executive Directors.