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CHINA GAS HOLDINGS LIMITED

中國燃氣控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 384)

ANNOUNCEMENT PURSUANT TO RULE 13.09(1) OF THE LISTING RULES

Reference is made to the announcement made by the Company on 24 December 2010.

The Company has recently received further information about the Incident from the PRC Legal Counsel. According to the preliminary enquiry made by the PRC Legal Counsel, Mr. Liu and Mr. Huang have been detained for investigation by the Shenzhen PSB since 18 December 2010 for suspected "embezzlement of the assets of an organisation in which they have duties" (職務侵佔罪). The Company has been advised by the PRC Legal Counsel 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 against Mr. Liu or Mr. Huang, no records or files of the Group have been confiscated and none of the members of the Group have been investigated or notified of any investigation by any governmental authorities in the PRC in relation to such matter. Since the Shenzhen PSB has not permitted the PRC Legal Counsel to make contact with Mr. Liu or Mr. Huang, the Company is unable to obtain further information directly from Mr. Liu and Mr. Huang about the Incident.

The Company will continue to make necessary enquiries regarding the Incident and will make a further announcement in accordance with the Listing Rules as and when there is any relevant update or development.

Since receipt of further information about the Incident as described above, the Company has conducted a preliminary internal review of its recent cash and funds position and no indication of any irregularities involving recent material movement of cash or funds have been brought to the attention of the Company. The net proceeds received by the Company from the placings described in the announcement made by the Company on 25 October 2010 have not yet been utilized and are currently being held in the Company's bank accounts in Hong Kong.

In addition to the preliminary internal review, the Company has retained and instructed a reputable international accounting firm to carry out an independent financial review to assess (i) the status of the Company's cash position based on its most up-to-date management accounts and bank statements; and (ii) the Company's key internal controls procedures.

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

Reference is made to the announcement made by China Gas Holdings Limited (the “**Company**”) on 24 December 2010 (the “**Announcement**”). Unless the context requires otherwise, terms used in this announcement shall have the same meanings as defined in the Announcement.

As mentioned in the Announcement, the Company has been trying to gather more information about the Incident through different channels, including family members of Mr. Liu and Mr. Huang and the relevant governmental authorities in the PRC. As part of those efforts, the Company has engaged PRC legal counsel (the “**PRC Legal Counsel**”) in respect of this matter. According to the preliminary enquiry made by the PRC Legal Counsel with the Shenzhen Municipal Public Security Bureau (the “**Shenzhen PSB**”), Mr. Liu and Mr. Huang have 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 Company has been advised by the PRC Legal Counsel 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 against Mr. Liu or Mr. Huang, nor have any records or files of the Group have been confiscated and none of the members of the Group have been investigated or notified of any investigation by any governmental authorities in the PRC in relation to such matter. Since the Shenzhen PSB has not permitted the PRC Legal Counsel to make contact with Mr. Liu or Mr. Huang, the Company is unable to obtain further information directly from Mr. Liu or Mr. Huang about the Incident.

The Company will continue to make necessary enquiries regarding the Incident and will make a further announcement in accordance with the Listing Rules as and when there is any relevant update or development.

Since receipt of the further information about the Incident as described above, the Company has conducted a preliminary internal review of its recent cash and funds position and no indications of any irregularities involving recent material movement of cash or funds have been brought to the attention of the Company. The net proceeds received by the Company from the placings described in the announcement made by the Company on 25 October 2010 have not yet been utilized and are currently being held in the Company’s bank accounts in Hong Kong.

In addition to the preliminary internal review, the Company has retained and instructed a reputable international accounting firm to carry out an independent financial review to assess (i) the status of the Company’s cash position based on its most-up-to-date management accounts and bank statements; and (ii) the Company’s key internal controls procedures.

Notwithstanding the above, the Company wishes to reiterate that the business activities of the Group have been 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 pending the release of a further announcement on the Incident. 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, 4 January 2011

** 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.