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**ZHENGZHOU GAS COMPANY LIMITED\***

**鄭州燃氣股份有限公司**

*(a joint stock limited company incorporated in the People's Republic of China)*

**Stock Code: 8099**

**PROPOSED LISTING ON THE MAIN BOARD OF  
THE STOCK EXCHANGE OF HONG KONG LIMITED  
BY WAY OF INTRODUCTION AND  
PROPOSED VOLUNTARY WITHDRAWAL OF LISTING ON  
THE GROWTH ENTERPRISE MARKET OF  
THE STOCK EXCHANGE OF HONG KONG LIMITED**

In the Company's earlier announcement dated 16 September 2005, the Company announced that it intended to seek to migrate the listing of the H Shares from GEM to the Main Board and to withdraw the listing of the H Shares from GEM. In the aforementioned announcement the Company announced that it proposed to raise funds by means of a new issue after completion of the listing on the Main Board. As a result of subsequent discussions, the Board decided not to pursue the aforementioned new issue and to prepare for the migration to the Main Board on the basis of an application for listing of the H Shares by means of introduction. The Board hereby announces that on 17 August 2006, SBI Crosby Limited, acting as the Company's sponsor, has, on behalf of the Company, submitted an advance booking form for the Proposed Introduction to the Stock Exchange. The Stock Exchange has also been notified of the Company's intention to implement the Proposed Withdrawal and the Proposed Introduction which will be conditional upon, among other things, the approvals by the Shareholders, the Stock Exchange and the CSRC.

**As the Proposed Introduction and the Proposed Withdrawal are subject to a number of conditions which may or may not be fulfilled, the Proposed Introduction and the Proposed Withdrawal may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

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## **REASONS FOR THE PROPOSED INTRODUCTION**

The Group is principally engaged in the sale of piped natural gas to residential, commercial, industrial and vehicular customers, the provision of gas pipeline construction services, and the sale of gas appliances and pressure control equipment. The H Shares of the Company have been listed on GEM since 29 October 2002.

The Directors believe that the listing of the Shares on the Main Board will help to enhance the profile of the Group, resulting in additional coverage and recognition from leading industry analysts and the investment community. The Directors consider that the listing of the Shares on the Main Board will be beneficial to the future growth, financial flexibility and business development of the Company. No material change in the business objectives and strategies of the Group is contemplated by the Directors following the Proposed Introduction.

The Proposed Introduction will not involve any issue of new Shares by the Company.

## **CONDITIONS OF THE PROPOSED WITHDRAWAL AND THE PROPOSED INTRODUCTION**

If the Company proceeds with the Proposed Introduction and the Proposed Withdrawal the following conditions, among other things, must be satisfied:

- (i) the granting of the relevant approval by the CSRC and other PRC authorities, as appropriate, in connection with the Proposed Withdrawal and the Proposed Introduction;
- (ii) the issue of a circular and listing document containing, among other things, further information in connection with the Proposed Withdrawal and the Proposed Introduction;
- (iii) the passing of a special resolution by the Shareholders at an extraordinary general meeting to approve the Proposed Withdrawal and the Proposed Introduction;
- (iv) the passing of an ordinary resolutions by the Shareholders at the EGM to approve the Proposed Withdrawal and the Proposed Introduction;
- (v) the passing of a resolution by the Domestic Shareholders and H Shareholders at the respective Class Meetings to approve the Proposed Withdrawal and the Proposed Introduction;
- (vi) the Stock Exchange granting approval to the listing on the Main Board of, and permission to deal on the Main Board in, the existing H Shares in issue;
- (vii) the publication of a notice of the Proposed Withdrawal as required by GEM Listing Rules after obtaining the approval of the Shareholders at the EGM and the Class Meetings for the Proposed Withdrawal; and
- (viii) the obtaining of all other relevant consents which are required in connection with the implementation of the Proposed Withdrawal and the Proposed Introduction and fulfillment of all conditions which may be attached to such consents.

In this regard, the EGM and the Class Meetings will be convened at an appropriate time to seek the approval of the Shareholders, among others, for the Proposed Withdrawal.

**As the Proposed Introduction and the Proposed Withdrawal are subject to a number of conditions which may or may not be fulfilled, the Proposed Introduction and the Proposed Withdrawal may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## GENERAL INFORMATION

If the Company proceeds with the Proposed Introduction, a circular containing, amongst other things, further details of the Proposed Introduction and Proposed Withdrawal, the expected timetable and a notice convening the EGM and the Class Meetings will be dispatched to the Shareholders as soon as practicable. A listing document in relation to the Proposed Introduction will also be dispatched to the Shareholders for their information following the receipt of a preliminary indication of the approval for the Proposed Introduction from the Stock Exchange. In this regard, the Company will submit an application for a waiver (which may or may not be granted) from strict compliance with the minimum three months' notice period for the Proposed Withdrawal as required under Rule 9.19(3) of the GEM Listing Rules.

The Company will make further announcements to keep the Shareholders informed on the latest progress of the Proposed Introduction and the Proposed Withdrawal in accordance with the requirements of the GEM Listing Rules and the Main Board Listing Rules.

## DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms have the following meanings:

“Board”	the board of Directors
“Class Meetings”	the respective class meetings of the holders of H Shares and holders of Domestic Shares to approve, amongst other things, the Proposed Withdrawal and the Proposed Introduction
“Company”	鄭州燃氣股份有限公司 (Zhengzhou Gas Company Limited), a joint stock limited company incorporated in the People's Republic of China with limited liability, the Shares of which are listed on GEM
“Director(s)”	the director(s) of the Company
“Domestic Shares”	the Share(s) which are not H Share(s)
“EGM”	an extraordinary general meeting of the Company to be convened and held to approve, among other things, the Proposed Withdrawal and the Proposed Introduction
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing of the Listing of Securities on GEM
“Group”	the Company and its subsidiaries (as defined in the GEM Listing Rules)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Main Board”	the securities market operated by the Stock Exchange prior to the establishment of GEM and which stock market continues to be operated by the Stock Exchange in parallel with GEM. For the avoidance of doubt, the Main Board excludes GEM

“Main Board Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Proposed Introduction”	the proposed listing of the Shares on the Main Board by way of introduction pursuant to the Main Board Listing Rules
“Proposed Withdrawal”	the proposed voluntary withdrawal of the listing status of the Shares on GEM
“Shareholders”	holders of the Shares
“H Shareholders”	holders of the H Shares
“H Share(s)”	the overseas listed foreign share(s) of the Company which are listed on the GEM with a nominal value of RMB0.10 each
“Shares”	shares of the Company with a nominal value of RMB0.10 each, including the Domestic Shares and the H Shares, unless specified otherwise
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By Order of the Board  
**Zhengzhou Gas Company Limited**  
**Yan Guoqi**  
*Chairman*

Zhengzhou, the PRC  
17 August 2006

*As at the date of this announcement, the members of the Board include (i) the executive directors, namely, Mr. Yan Guoqi (閆國起) (Chairman), Mr. Song Jinhui (宋金會), Mr. Li Yantong (李燕同) and Mr. Li Jinliu (李金陸); (ii) the non-executive directors, namely, Mr. Zhang Wushan (張武山), Mr. Yang Degu (楊德固) and Ms. Bao Hongwei (鮑紅偉); and (iii) the independent non-executive directors, namely, Mr. Zhang Yichun (張亦春), Mr. Liu Jianwen (劉劍文) and Ms. Yu Shulian (余恕蓮).*

*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, the information contained in this announcement is accurate and complete in all material respects and is not misleading; there are no other matters the omission of which would make any statement in this announcement misleading; and 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 [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the day of its posting.*

\* For identification purposes only