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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: 3928)

**VOLUNTARY ANNOUNCEMENT
CHANGE OF RESIDENTIAL ESTATES GAS PIPELINE CONSTRUCTION
FEE COLLECTION MODEL**

This is a voluntary announcement made by the Company.

The Board announces that, on 7 January 2011, the Board resolved to change the residential estates gas pipeline construction fee collection model of the Group in order to improve the fee management of our residential estates gas pipeline construction services and enhance the efficiency of our customer services, the new fee collection model has become effective from 7 January 2011.

The Board (including independent non-executive directors of the Company) considers that the new Fee Collection Model will not have a material impact on the overall financial position of the Group.

This is a voluntary announcement made by the Company.

The board of directors (the "Board") of Zhengzhou Gas Company Limited (the "Company") announces that, on 7 January 2011, the Board resolved to change the residential estates gas pipeline construction fee collection model (the "Fee Collection Model") of the Company and its subsidiaries (collectively referred to as the "Group") in order to improve the fee management of our residential estates gas pipeline construction services and enhance the efficiency of our customer services. The new Fee Collection Model has become effective from 7 January 2011. The change in the Fee Collection Model mainly involves the change of fee collecting entity and the adoption of one-off fee collection in place of the original decentralized fee collection.

I. ORIGINAL FEE COLLECTION MODEL

Under the original Fee Collection Model, certain fees related to residential estates gas pipeline construction projects provided by the Group to customers, which were for the design, construction, project supervision and sales of metering devices, were collected by Zhengzhou Zhengran Design Development Company Limited (鄭州鄭燃設計開發有限公司) (the “Design Company”), Zhengzhou Gas Engineering and Construction Company Limited (鄭州燃氣工程建設有限公司) (the “Engineering Company”, a wholly-owned subsidiary of the Company), Henan Zhongyuan Engineering Management Co., Ltd. (河南省中原工程管理有限公司) (“Zhongyuan Engineering”) and Henan Yuran Testing Co., Ltd. (河南省豫燃檢測有限公司) (“Yuran Testing”) respectively. To elaborate, the Company only entered into the related construction contracts with its customers, and the relevant construction fees were collected by the Engineering Company. For the Design Company, Zhongyuan Engineering and Yuran Testing, they entered into various contracts in respect of the design, project supervision and sales of metering devices with the customers of the Group separately and collected the relevant fees by themselves.

II. NEW FEE COLLECTION MODEL

Effective from 7 January 2011, the Group will adopt a new Fee Collection Model for residential estates gas pipeline construction projects. The Company will enter into a master gas pipeline construction contract directly with its customers and charge from them the entire costs related to the relevant construction works. The Company will then outsource the design, construction and project supervision works to design firms, construction companies and project supervision companies through fair and open ways, including tendering, and the Company will pay the relevant costs incurred. In addition, the Company will be directly engaged in the sales of metering devices business. The standards for calculation of fees charged for design, construction and project supervision as well as the sales of metering devices will remain unchanged despite of the change of the Fee Collection Model.

III. IMPACT OF THE NEW FEE COLLECTION MODEL

The Board (including independent non-executive directors of the Company) considers that the implementation of the new Fee Collection Model will have the following impacts:

1. The Group will be able to provide residential estates gas pipeline construction services to its customers more effectively. Under the new Fee Collection Model, customers are no longer required to sign separate contracts with and make payments to four companies when applying for residential estates gas pipeline construction services, thus simplifying the relevant procedures;
2. The construction fees which were previously charged by the Engineering Company, a subsidiary of the Company, will then be charged directly by the Company. As the new Fee Collection Model will continue to be based on the engineering fee standards established by the Construction Department of Henan Province, the PRC, it is unlikely to have a material impact on the gross revenue of the Group;
3. The Company will outsource the construction works through fair and open ways such as tendering in the hope that, by introducing the mechanism of market competition, the Company will be able to exercise a better control over its costs;

4. For the purpose of meeting the Company's need in the residential estates gas pipeline construction projects, the Company will be engaged in the sales of metering devices directly. The Company will purchase metering devices from manufacturers and resell them to customers. The Company does not expect great development potential of the sales of metering devices business, so it is expected that such business will have a positive but insignificant impact on the revenue and profit of the Group.

In view of the above, the Board (including independent non-executive directors of the Company) considers that the new Fee Collection Model will not have a material impact on the overall financial position of the Group.

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

Zhengzhou, the PRC
10 January 2011

As at the date of this announcement, the Board of Directors of the Company comprises three executive Directors, namely Mr. Yan Guoqi, Mr. Li Jinlu and Mr. Li Hongwei, four non-executive Directors, namely Mr. Song Jinhui, Mr. Zhang Wushan, Mr. Ding Ping and Mr. Liu Jianwen and four independent non-executive Directors, namely Mr. Yu Jingsong, Mr. Zhang Jianqing, Ms. Wang Xiuli and Mr. Wong Ping.

* For identification purposes only