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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)

ANNOUNCEMENT

ENTERING INTO AN AGREEMENT

FOR THE CONCESSION RIGHT TO SUPPLY NATURAL GAS IN LONGHU

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 board of directors (the "Board") of Zhengzhou Gas Company Limited (the "Company") is pleased to announce that on 30 May 2011, the Company and the People's Government of Longhu of Xinzheng City (新鄭市龍湖鎮) (the "Longhu Government") entered into a concession right agreement for the supply of natural gas in Longhu (the "Agreement").

Pursuant to the Agreement, the Longhu Government granted the Company an exclusive right (the "Right") for the construction of pipelines and related facilities, and the operation, maintenance and repair of the pipeline network and related facilities in Longhu for a term of 30 years commencing from 1 May 2011 to 30 April 2041. Upon the expiry of the concession, the Agreement will be terminated automatically. The Company has a preferential right to renew the concession under the same conditions, subject to the completion of the negotiation between both contract parties 180 days before the termination of the Agreement. During the term of the Agreement, unless otherwise agreed by both parties to the Agreement, the Right and the related interests therein shall not be transferred, leased or pledged to any third party by the Company.

Under the Agreement, the Company shall invest and construct urban gas pipelines and facilities in Longhu according to the urban planning of the Longhu Government and the professional gas planning requirements. The ownership, rights of disposal and rights of income of the assets invested by the Company shall belong to the Company. Pursuant to the Agreement, the price charged to the customers for the sales of piped gas provided by the Company in Longhu will be based on the prescribed prices for the sales of piped gas as approved by the Commodities Pricing Bureau (物價主管部門) of the Longhu Government, and the price for the provision of other services by the Company will be based on the government-prescribed price or the market price. Currently, the Company does not have any fixed capital commitment in respect of the Agreement. Save as mentioned above, the Company is not required to pay any monetary consideration for the Right.

Longhu of Xinzheng City is located in the Henan Province, which is 11 kilometers to the south of Zhengzhou City and covers an area of approximately 96 square kilometers with a population of approximately 180,000. The Company has supplied natural gas to the customers in Longhu since 2003 without any concession right. As at 31 December 2010, the gas consumption volume for the users in Longhu was approximately 1,750,000 m³ and the revenue generated from the sales of natural gas to the customers in Longhu was approximately RMB4,380,000. Currently, the Company has 7,626 customers in Longhu, including 7,608 residential customers, 7 commercial customers, 8 school customers and 3 industrial customers. As the penetration rate of natural gas for Longhu is approximately 38%, it is expected that there is still significant room for the development of natural gas market.

The Company operates a natural gas pipeline distribution network in Zhengzhou City, Henan Province, the PRC. It is principally engaged in the sales of piped natural gas to residential, commercial, industrial and vehicular customers, the provision of natural gas pipeline construction and the related repair and maintenance services, as well as the sales of gas appliances and pressure control equipment. The Board is of the view that the obtaining of the Right can benefit the Company by securing the existing market and future development opportunities in Longhu and is conducive to the business development of the Company. However, as the pace of development in Longhu is affected by many factors such as government policies, development of property market, pace of direct investments, etc., it is difficult to accurately estimate the potential financial impact on the Company as a result of the obtaining of the Right.

By order of the Board
Zhengzhou Gas Company Limited
Yan Guoqi
Chairman

Zhengzhou, the PRC
30 May 2011

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Yan Guoqi, Mr. Li Jinlu and Mr. Li Hongwei, four non-executive Directors, namely Mr. Zhang Wushan, Mr. Li Yantong, 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*