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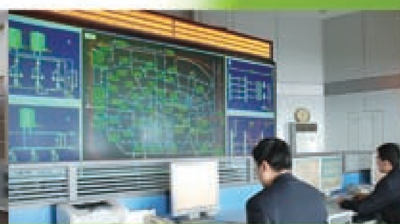
ZHENGZHOU GAS COMPANY LIMITED*

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)



2009

Interim Report

* for identification purpose only

FINANCIAL HIGHLIGHTS

- During the Relevant Period, unaudited consolidated revenue of the Group and profit attributable to shareholders of the Company amounted to approximately RMB615,425,000 and RMB115,394,000 respectively, representing respective increases of approximately 17.13% and 32.06% over the corresponding period of last year.

- Sales of piped natural gas for the Relevant Period amounted to approximately RMB458,924,000, representing an increase of approximately 20.00% over the corresponding period of last year.

- Revenue from gas pipeline construction services totalled approximately RMB155,538,000 for the Relevant Period, representing an increase of approximately 9.42% as compared with the corresponding period of last year, which was primarily attributable to the desirable growth in the construction of gas pipeline projects of residential users.

- Basic earnings per share for the Relevant Period was approximately RMB0.922, representing an increase of approximately RMB0.222 as compared with approximately RMB0.700 for the corresponding period of last year.

- The Directors do not recommend distribution of any dividend for the Relevant Period.

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

ERNST & YOUNG
安 永

To the board of directors of
Zhengzhou Gas Company Limited
(Established in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the accompanying interim condensed consolidated financial statements set out on pages 3 to 19, which comprises the interim condensed consolidated statement of financial position of Zhengzhou Gas Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 June 2009 and the related interim condensed consolidated income statement, changes in equity and cash flows for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Financial Reporting Standard IAS 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board.

The directors are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

25 August 2009

FINANCIAL STATEMENTS

The board of directors (the "Board") of Zhengzhou Gas Company Limited (the "Company") is pleased to present to its shareholders the unaudited interim condensed consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2009 (the "Relevant Period") together with comparative figures of the corresponding period of 2008 as follows:

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 June	
		2009	2008
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**615,425**	525,440
Cost of sales		**(405,032)**	(360,252)
Gross profit		**210,393**	165,188
Other income and gains	*4*	**2,366**	2,658
Selling and distribution costs		**(20,345)**	(17,775)
Administrative expenses		**(35,070)**	(30,437)
Other expenses		**(8,277)**	(2,607)
Share of profits of an associate		**4,795**	–
Profit before tax	*5*	**153,862**	117,027
Tax	*6*	**(37,964)**	(29,514)
Profit for the period		**115,898**	87,513
Attributable to:			
Equity holders of the Company		**115,394**	87,378
Minority interests		**504**	135
		115,898	87,513
Dividends:			
Proposed interim	*7*	**–**	–
Earnings per share attributable to ordinary equity holders of the Company			
Basic			
– For profit for the period *(RMB Yuan)*	*8*	**0.922**	0.700

"Profit for the period" represents the "total comprehensive income" for the period presented, accordingly, no consolidated statement of comprehensive income is presented.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2009 RMB'000 (Unaudited)**	31 December 2008 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	**665,538**	666,115
Prepaid land lease prepayments	10	**113,586**	113,949
Interests in an associate		**32,895**	32,025
Deferred tax assets		**9,233**	7,398
Total non-current assets		**821,252**	819,487
CURRENT ASSETS			
Inventories		**14,296**	15,460
Construction contract work in progress	11	**1,611**	954
Trade and notes receivables	12	**80,695**	104,926
Prepayments, deposits and other receivables	13	**41,775**	40,536
Due from a fellow subsidiary		**414**	143
Restricted cash deposits		**25,250**	25,250
Cash and cash equivalents		**415,984**	368,169
Total current assets		**580,025**	555,438
CURRENT LIABILITIES			
Trade payables	14	**64,108**	56,174
Other payables and accruals	15	**124,801**	123,594
Advance payments received	11	**358,523**	356,468
Interest-bearing bank borrowings		**40,000**	40,000
Tax payable		**26,219**	13,826
Total current liabilities		**613,651**	590,062
NET CURRENT LIABILITIES		**(33,626)**	(34,624)
NET ASSETS		**787,626**	784,863

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Continued)

	Notes	30 June 2009 RMB'000 (Unaudited)	31 December 2008 RMB'000 (Audited)
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	*16*	**125,150**	125,150
Reserves		**658,059**	655,800
		783,209	780,950
Minority interests		**4,417**	3,913
Total equity		**787,626**	784,863

Yan Guoqi
Chairman

Li Jinlu
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

	Attributable to equity holders of the Company								
	Issued capital	Share premium account	Statutory surplus reserve	General surplus reserve	Retained profits	Reserve arising from acquisition of a minority interest	Total	Minority interests	Total equity
	RMB'000 *(note 16)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2009	125,150	101,026	134,293	51,582	340,749	28,150	780,950	3,913	784,863
Profit for the period	–	–	–	–	115,394	–	115,394	504	115,898
Dividends paid	–	–	–	–	(113,135)	–	(113,135)	–	(113,135)
Appropriation to surplus reserves	–	–	–	13,009	(13,009)	–	–	–	–
At 30 June 2009 (Unaudited)	125,150	101,026	134,293	64,591	329,999	28,150	783,209	4,417	787,626
At 1 January 2008	125,150	101,026	121,284	41,456	242,954	28,150	660,020	4,088	664,108
Profit for the period	–	–	–	–	87,378	–	87,378	135	87,513
Dividends paid	–	–	–	–	(30,286)	–	(30,286)	–	(30,286)
Appropriation to surplus reserves	–	–	–	10,126	(10,126)	–	–	–	–
At 30 June 2008 (Unaudited)	125,150	101,026	121,284	51,582	289,920	28,150	717,112	4,223	721,335

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
NET CASH INFLOW FROM OPERATING ACTIVITIES	**182,700**	114,710
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	**(20,311)**	(69,592)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	**(114,574)**	(30,286)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**47,815**	14,832
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**368,169**	219,091
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**415,984**	233,923
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**441,234**	253,123
Less: Restricted cash deposits	**25,250**	19,200
Cash and cash equivalents	**415,984**	233,923

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company was established in the People's Republic of China (the "PRC") on 18 December 2000 as a joint stock limited company under the Company Law of the PRC. The Company's H shares were listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 29 October 2002. On 29 June 2007, the Company's H shares were migrated to the Main Board of the Stock Exchange.

The Group is principally engaged in the sale of natural gas, pressure control equipment and gas appliances, the construction of gas pipelines and the provision of gas pipelines renovation services. The registered office and principal place of business of the Company is located at 352 Longhai Road West, Zhengzhou, Henan Province, the PRC 450006.

In the opinion of the directors, the holding company of the Group is Zhengzhou Gas Group Company Limited, which is established in the PRC.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2009 have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2008.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and basis of preparation adopted in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2008, except for the adoption of certain new and revised International Financial Reporting Standards ("IFRSs", which also include IASs and Interpretations), as set out in note 2.3.

2.3 ADOPTION OF NEW AND REVISED IFRSs

During the six months ended 30 June 2009, the following new and revised IFRSs came into effect.

IFRS 1* & IAS 27 Amendments	Amendments to IFRS 1 *First time Adoption of IFRSs* and IAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
IFRS 2 Amendments	Amendments to IFRS 2 *Share-based Payment – Vesting Conditions and Cancellations*
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
IFRS 8	*Operating Segments*
IAS 1 (Revised)	*Presentation of Financial Statements*
IAS 23 (Revised)	*Borrowing Costs*
IAS 32 & IAS 1 Amendments	Amendments to IAS 32 *Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
IFRIC 9 & IAS 39 Amendments	Amendments to IFRIC 9 *Reassessment of Embedded Derivatives* and IAS 39 *Financial Instruments: Recognition and Measurement – Embedded Derivatives*
IFRIC 13	*Customer Loyalty Programmes*
IFRIC 15	*Agreements for the Construction of Real Estate*
IFRIC 16	*Hedges of a Net Investment in a Foreign Operation*

* On 1 January 2009, the Group adopted the revised IAS 1 "Presentation of Financial Statements". The revised standard aims to improve users' ability to analyse and compare information given in financial statements. The adoption of this revised standard has no effect on the results reported in the Group's interim condensed consolidated financial statements. It does, however, result in certain presentational changes in the Group's primary financial statements, including:

– the adoption of the revised title "Statement of financial position" for the "Balance sheet"; and

– the presentation of all items of income and expenditure in two financial statements, the "Income statement" and "Statement of comprehensive income".

In May 2008, the IASB issued its first omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. Except for IAS 1 (Revised) which affected the presentation of the interim condensed consolidated financial statements, the Group expects that the adoption of these new and revised IFRSs is unlikely to have a significant impact on the accounting policies of the Group and the method of computation in the interim condensed consolidated financial statements.

2.4 IMPACT OF ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective, in the interim condensed consolidated financial statements.

IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of IFRSs – Additional Exemptions for First-time Adopters*[2]
IFRS 2 Amendments	*Share-based Payment – Group Cash-settled Share-based Payment Transactions*[2]
IFRS 3 (Revised)	*Business Combinations*[1]
IAS 27 (Revised)	*Consolidated and Separate Financial Statements*[1]
IAS 39 Amendment	Amendment to IAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*[1]
IFRIC 17	*Distribution of Non-cash Assets to Owners* [1]
IFRIC 18	*Transfers of Assets from Customers*[1]

Apart from the above, the IASB has issued *Improvements to IFRSs** which sets out amendments to a number of IFRSs with a view to removing inconsistencies and clarifying wording. Except for the amendments to IFRS 2, IFRIC 9, IFRIC 16 and certain amended paragraphs of IAS 38, which are effective for annual periods beginning on or after 1 July 2009, other amendments are effective for annual periods beginning on or after 1 January 2010.

1 Effective for financial years beginning on or after 1 July 2009

2 Effective for financial years beginning on or after 1 January 2010

* Improvements to IFRSs include amendments to IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 18, IAS 36, IAS 38, IAS 39, IFRIC 9 and IFRIC 16.

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application.

3. SEGMENTAL INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable segments as follows:

Sales of natural gas and other related products	Sales of natural gas and other related products, including pressure control equipment, gas appliances and provision of pipelines renovation work
Gas pipeline connection and construction	Connection and construction of gas pipelines

Management monitors the operating results of its business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group corporate expense, other income, and income tax expense are managed on a group basis and are not allocated to operating segments.

These reportable segments are the basis on which the Group reports its segment information and no operating segments have been aggregated to form the above reportable segments.

Intersegment revenue is eliminated on consolidation. Intersegment sales and transactions are conducted in accordance with the terms mutually agreed between the parties.

No further geographical segment information is presented as the Group's operating business is solely carried out in Henan Province, the PRC.

The following tables present revenue and profit information regarding the Group's operating segments for the six months ended 30 June 2009 and 2008:

	Sales of natural gas and other related products *RMB'000*	**Gas pipeline connection and construction** *RMB'000*	**Eliminations** *RMB'000*	**Consolidated** *RMB'000*
Period ended 30 June 2009 (Unaudited)				
Segment revenue				
Sales to external customers	**462,950**	**152,475**	**–**	**615,425**
Intersegment sales	**5,168**	**11,286**	**(16,454)**	**–**
Total	**468,118**	**163,761**	**(16,454)**	**615,425**
Share of profits of an associate	**4,795**	**–**	**–**	**4,795**
Segment results	**63,413**	**127,720**	**(730)**	**190,403**
Other income and gains				**2,366**
Unallocated corporate expense				**(38,907)**
Profit before tax				**153,862**
Tax				**(37,964)**
Profit for the period				**115,898**

	Sales of natural gas and other related products *RMB'000*	Gas pipeline connection and construction *RMB'000*	Eliminations *RMB'000*	Consolidated *RMB'000*
Period ended 30 June 2008 (Unaudited)				
Segment revenue				
Sales to external customers	388,614	136,826	–	525,440
Intersegment sales	2,990	11,269	(14,259)	–
Total	391,604	148,095	(14,259)	525,440
Segment results	36,973	110,761	134	147,868
Other income and gains				2,658
Unallocated corporate expense				(33,499)
Profit before tax				117,027
Tax				(29,514)
Profit for the period				87,513

Segment assets

The following table compares the total segment assets as at 30 June 2009 and as at the date of the last annual financial statements (31 December 2008).

	30 June 2009 *RMB'000* **(Unaudited)**	31 December 2008 *RMB'000* (Audited)
Sales of natural gas and other related products	**1,188,037**	1,231,046
Gas pipeline connection and construction	**326,934**	346,554
Segment assets	**1,514,971**	1,577,600
Eliminations	**(113,694)**	(202,675)
Total consolidated assets	**1,401,277**	1,374,925

4. REVENUE AND OTHER INCOME AND GAINS

An analysis of revenue and other income and gains is as follows:

	For the six months ended 30 June	
	2009 *RMB'000* **(Unaudited)**	2008 *RMB'000* (Unaudited)
Revenue		
Natural gas	**458,924**	382,439
Gas appliances	**5,507**	3,525
Pressure control equipments	**259**	214
Gas pipelines:		
Connection and construction	**155,538**	142,153
Provision of renovation work	**537**	2,110
Others	**38**	34
	620,803	530,475
Less: Business tax and government surcharges	**(5,378)**	(5,035)
	615,425	525,440
Other income and gains		
Bank interest income	**1,614**	1,937
Rental income	**221**	195
Others	**531**	526
	2,366	2,658
Total revenue and other income and gains	**617,791**	528,098

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**356,004**	316,801
Depreciation	**20,049**	18,815
Amortisation of prepaid land lease prepayments	**914**	810
Minimum lease payments under operating leases:		
Land and buildings	**4,926**	4,958
Equipment	**2,701**	2,636
Trademarks	**195**	390
	7,822	7,984
Employee benefits expense (including directors', supervisors' remuneration):		
Wages and salaries	**45,725**	36,560
Pension scheme contributions (defined contribution scheme)	**5,113**	4,185
Accommodation benefits (defined contribution scheme)	**3,058**	2,508
	53,896	43,253
Impairment of trade receivables	**816**	182
Reversal of write-down of inventories	**(101)**	(454)
Impairment of property, plant and equipment	**3,725**	–

6. TAX

In accordance with the PRC Corporate Income Tax Law (the "New CIT Law") which was approved and became effective on 1 January 2008, the provision for PRC current income tax has been based on a statutory rate of 25% of the assessable profit of the Group for the six months ended 30 June 2009.

Major components of the Group's income tax expense for the periods are as follows:

	For the six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current:		
Charge for the period	**39,799**	29,555
Deferred:		
Related to recognition and reversal of temporary differences	**(1,835)**	(41)
Total tax charge for the period	**37,964**	29,514

7. DIVIDENDS

(a) Dividends attributable to the interim period

The board of directors does not propose an interim dividend for the six months ended 30 June 2009.

(b) Dividends attributable to the previous financial year, declared and paid during the interim period

	For the six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Dividend in respect of financial year ended 31 December 2008 of RMB0.904* per share (2007: RMB0.242* per share):		
Declared during the period:		
Final dividend	**13,015**	30,286
Special dividend	**100,120**	–
	113,135	30,286
Paid during the period	**113,135**	30,286

* Restated after the Share Consolidation which sets out in note 16 below.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The basic earnings per share amount for the six months ended 30 June 2009 is computed by dividing the profit attributable to equity holders of the Company of approximately RMB115,394,000 (six months ended 30 June 2008: approximately RMB87,378,000) by the weighted average of 125,150,000 ordinary shares (six months ended 30 June 2008: 125,150,000* ordinary shares) in issue during the period ended 30 June 2009.

* Represents the number of shares after the Share Consolidation which sets out in note 16 below.

Diluted earnings per share amounts for the periods ended 30 June 2009 and 2008 have not been calculated as no diluting events existed during those periods.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2009, the Group acquired property, plant and equipment with a cost of RMB23,197,000 (six months ended 30 June 2008: RMB27,822,000). No property, plant and equipment were acquired through a business combination.

No fixed assets were disposed of by the Group during the six months ended 30 June 2009 (six months ended 30 June 2008: Nil).

10. PREPAID LAND LEASE PREPAYMENTS

	30 June 2009 RMB'000 (Unaudited)	31 December 2008 RMB'000 (Audited)
Carrying amount at 1 January	115,698	68,277
Additions	1,145	49,096
Recognised during the year	(914)	(1,675)
Carrying amount at 30 June/31 December	115,929	115,698
Current portion included in prepayments, deposits and other receivables	(2,343)	(1,749)
Non-current portion	113,586	113,949

The prepaid land lease prepayments represent payments for medium term leases situated in Mainland China.

As at 30 June 2009, the Group was in process of applying for the land certificates, with a net book value of RMB22,274,000 (31 December 2008: RMB44,981,000).

11. CONSTRUCTION CONTRACT WORK IN PROGRESS/ADVANCE PAYMENTS RECEIVED

	30 June 2009 RMB'000 (Unaudited)	31 December 2008 RMB'000 (Audited)
Construction contract work in progress		
Contract costs incurred to date	1,611	954
Advance payments received		
Progress payments received	413,743	402,206
Less: Contract costs incurred to date	(55,220)	(45,738)
	358,523	356,468

12. TRADE AND NOTES RECEIVABLES

	30 June 2009 RMB'000 (Unaudited)	31 December 2008 RMB'000 (Audited)
Trade receivables	76,379	105,035
Notes receivable	7,441	2,200
Impairment	(3,125)	(2,309)
	80,695	104,926

Trade and notes receivables of a nominal value of RMB1,750,000 as at 30 June 2009 (31 December 2008: RMB1,296,000) were impaired and fully provided for. The movement in the provision for impairment of receivables during the period is as follows:

	RMB'000
At 1 January 2009	2,309
Impairment losses recognised	816
At 30 June 2009	3,125

An aged analysis of the trade and notes receivables as at the statement of financial position date, based on the due date and net of provision, is as follows:

	30 June 2009	31 December 2008
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Neither past due nor impaired	**70,678**	101,972
Less than 1 month past due	**3,746**	1,800
1 to 3 months past due	**5,167**	217
3 to 6 months past due	**667**	207
6 to 12 moths past due	**363**	260
Over 12 months past due	**74**	470
	80,695	104,926

The above balances are unsecured, interest-free and are generally on 30 to 60 days' terms. The Group's trade receivables relate to a large number of diversified customers. There is no significant concentration of credit risk.

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2009	31 December 2008
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Prepayments	**36,580**	36,833
Deposits and other receivables	**5,195**	3,703
	41,775	40,536

The prepayments, deposits and other receivables are unsecured and interest-free.

14. TRADE PAYABLES

An aged analysis of the trade payables as at the statement of financial position date, based on the invoice date, is as follows:

	30 June 2009 *RMB'000* (Unaudited)	31 December 2008 *RMB'000* (Audited)
Within 30 days	**27,919**	36,732
Between 31 days and 90 days	**27,340**	12,034
Between 91 days and 180 days	**2,746**	2,498
Between 181 days and 365 days	**2,386**	1,795
Over 365 days	**3,717**	3,115
	64,108	56,174

The above balances are unsecured, interest-free and are generally on 7 to 365 days' terms.

15. OTHER PAYABLES AND ACCRUALS

	30 June 2009 *RMB'000* (Unaudited)	31 December 2008 *RMB'000* (Audited)
Advances from customers	**40,671**	55,594
Other payables	**59,797**	45,601
Accruals	**1,814**	1,470
Payroll payables	**22,519**	20,929
	124,801	123,594

Other payables and accruals are unsecured, non-interest-bearing and have no fixed terms of repayment.

16. ISSUED CAPITAL

	30 June 2009 (Unaudited)		31 December 2008 (Audited)	
	Number of shares *'000*	**Nominal value *RMB'000***	Number of shares *'000*	Nominal value *RMB'000*
Registered	**125,150**	**125,150**	1,251,500	125,150
Issued and fully paid:				
Domestic shares of RMB1.00* each (2008: RMB0.10 each)	**70,084**	**70,084**	700,840	70,084
H shares of RMB1.00* each (2008: RMB0.10 each)	**55,066**	**55,066**	550,660	55,066
	125,150	**125,150**	1,251,500	125,150

* Pursuant to the approval by the shareholders of the Company at the annual general meeting and class meetings of the holders of H shares and domestic shares of the Company dated 21 May 2009, the board is authorised to effect the following terms: every ten issued ordinary shares of RMB0.10 each in the share capital of the Company be consolidated into one share of RMB1.00 each (the "Consolidated Share"), such Consolidated Shares shall rank pari passu in all respects with each other (the "Share Consolidation").

As at 30 June 2009, the Share Consolidation mentioned above became effective, while the related application and registration procedures were still in progress.

17. OPERATING LEASE ARRANGEMENTS

As lessee

At the statement of financial position date, the Group had total future minimum lease payments under non-cancellable operating leases in respect of land and buildings falling due as follows:

	30 June 2009 *RMB'000* (Unaudited)	31 December 2008 *RMB'000* (Audited)
Within one year	**10,019**	12,940
In the second to fifth years, inclusive	**8,252**	12,934
Over five years	**7,455**	8,132
	25,726	34,006

The Group has entered into commercial leases on certain of land and buildings operating lease arrangements. Leases for land and buildings are negotiated for terms ranging from three to thirteen years. There were no purchase options and escalation clauses included in the contracts. The Group was given priority in renewing the lease of land and buildings upon expiry of the lease term at the terms and conditions agreed by both parties.

18. COMMITMENTS

	30 June 2009 *RMB'000* (Unaudited)	31 December 2008 *RMB'000* (Audited)
Capital commitments		
In respect of property, plant and equipment:		
Contracted, but not provided for	**155,814**	123,916
Authorised, but not contracted for	**472,015**	522,930
	627,829	646,846

19. CONTINGENCIES

At the statement of financial position date, the Group had no significant contingencies.

20. RELATED PARTY TRANSACTIONS

(i) Transactions with the Group's fellow subsidiaries and the holding company

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following significant transactions with their related parties:

Name of related parties	Nature of transactions	For the six months ended 30 June 2009 RMB'000 (Unaudited)	2008 RMB'000 (unaudited)
Group			
Recurring transactions			
Zhengzhou Gas Group Co., Ltd. *(note (a))*	Operating lease of vehicles and land and buildings from the related company *(note (c))*	**5,148**	5,114
	Trademark fees *(note (d))*	**195**	390
Non-recurring transactions			
Zhengzhou Gas Group Co., Ltd. *(note (a))*	Purchase of land use rights and buildings *(note (e))*	**–**	7,354
Nanyang Zhengran Nature Gas Co., Ltd. *(note (b))*	Sales of goods to the related company	**278**	–

Notes:

(a) Zhengzhou Gas Group Co., Ltd. is the holding company of the Company.

(b) Nanyang Zhengran Nature Gas Co., Ltd. is a fellow subsidiary of the Company.

(c) In accordance with the property lease agreements, the land use rights lease agreements, and the vehicles lease agreement entered into between the Company and Zhengzhou Gas Group Co., Ltd., Zhengzhou Gas Group Co., Ltd. leased certain vehicles and land and buildings to the Company for its office and operational uses. In the opinion of the directors, these transactions were carried out based on normal commercial terms and determined by agreement of parties with reference to valuation of an independent appraiser.

(d) On 1 April 2006, the Company and Zhengzhou Gas Group Co., Ltd. entered into a trademark licence agreement. Pursuant to the trademark licence agreement, Zhengzhou Gas Group Co., Ltd. has agreed to grant the Group the right to use these trademarks at a trademark fee of RMB780,000 per annum for the period from 1 April 2006 to 31 March 2009.

These transactions were carried out in accordance with the terms of the underlying agreements.

On 28 April 2009, the Company and Zhengzhou Gas Group Co., Ltd. entered into a transfer agreement in connection with the trademark licence. Pursuant to the transfer agreement, Zhengzhou Gas Group Co., Ltd. has agreed to grant the Company the trademark licence without consideration from 1 April 2009.

(e) On 30 November 2007, the Company entered into a property purchase agreement with Zhengzhou Gas Group Co., Ltd. to acquire a parcel of land situated at the junction of Juyuan Road East and Hongtu Road South, Jinshui District, Zhengzhou City, Henan Province, the PRC, at an aggregate consideration of RMB6,690,000 and certain buildings erected there at a consideration of RMB664,000.

As at 30 June 2008, the acquisition of the parcel of land has been completed. This transaction was carried out based on the transacted price with reference to valuation of an independent appraiser.

In the opinion of the directors, the above transactions were conducted in the ordinary course of business.

(ii) Compensation of key management personnel of the Group:

	30 June 2009 *RMB'000* **(Unaudited)**	30 June 2008 *RMB'000* (Unaudited)
Short term employee benefits	**2,421**	2,058
Retirement benefits	**47**	45
Total compensation paid to key management personnel	**2,468**	2,103

(iii) Transactions with other State-Owned Enterprises in Mainland China

The Group operates in an economic environment predominated by enterprises directly or indirectly owned or controlled by the PRC government through its numerous authorities, affiliates or other organisations (collectively "State-owned Enterprises"). During the periods, the Group had transactions with State-owned Enterprises including, but not limited to, the provision of construction services, operating leases of equipment, land and buildings, purchases of gas metres and the use of trademarks.

The directors consider that the transactions with other State-Owned Enterprises were conducted in the ordinary course of the Group's business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and those State-Owned Enterprises are ultimately controlled or owned by the PRC government. The Group has established pricing policies for products and services, and such pricing policies do not depend on whether or not the customers are State-Owned Enterprises. The directors have confirmed that these transactions were carried out on terms similar to those that would be entered into with non-state-owned enterprises and have been reflected in the financial statements. The directors are of the opinion that the transactions with other State-Owned Enterprises were fair and reasonable.

Having due regard to the substance of the relationships, the directors are of the opinion that meaningful information relating to related party disclosures has been adequately disclosed.

21. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

The Group had no significant events subsequent to 30 June 2009, except for the following:

Pursuant to the cooperation agreement (the "Cooperation Agreement") signed between the State-owned Assets Supervision and Administration Commission of Zhengzhou Municipal, who is on behalf of Zhengzhou Municipal People's Government and China Resources Gas (Holdings) Limited ("CRGH"), on 11 August 2009, CRGH and Zhengzhou Gas Group Co., Ltd agreed to establish a joint venture (the "JV") which shall own 80% and 20% of the equity interests of the JV respectively. Zhengzhou Gas Group Co., Ltd will finance its share of contribution in the JV by the shares of the Company and Nanyang Zhengran Nature Gas Co., Ltd. while CRGH will finance its share of contribution by cash. The registered capital of the JV shall be within the range between RMB600 million and RMB1,000 million (subject to final determination by both parties after the release of the assets valuation result). The board was of the view that if the Cooperation Agreement is fully implemented, the JV may own a 43.18% equity interest of the Company and CRGH may indirectly own a 34.5% equity interest of the Company.

As at the date of approval of and authorised to issue these interim condensed consolidated financial statements, the establishment of JV mentioned above was still on going.

22. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 25 August 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

General

For the six months ended 30 June 2009, the Group recorded a total revenue of approximately RMB615,425,000, representing an increase of approximately 17.13% as compared with the corresponding period of last year, which was attributed to the satisfactory increase in income from sales of natural gas and income from connection and pipeline construction.

During the Relevant Period, the overall gross profit margin of the Group was approximately 34.19%, representing an increase of approximately 2.75 percent points as compared with approximately 31.44% of the corresponding period of last year. The increase of gross profit margin was primarily due to the rise in prices of natural gas for residential and commercial use with effect from March 2009, thus the gross profit margin of the sales of natural gas increased to approximately 18.02% in the Relevant Period from approximately 13.78% of the corresponding period of last year.

During the Relevant Period, the selling and distribution expenses of the Group were approximately RMB20,345,000, representing an increase of approximately 14.46% from approximately RMB17,775,000 of the corresponding period of last year, mainly due to the increase in depreciation and staff costs. During the Relevant Period, the administrative expenses of the Group were approximately RMB35,070,000, representing an increase of approximately 15.22% as compared with approximately RMB30,437,000 of the corresponding period of last year, mainly due to the increase in staff costs and labor insurance expenses.

Income tax expenses of the Group for the Relevant Period were approximately RMB37,964,000, representing an increase of approximately 28.63% from approximately RMB29,514,000 in the corresponding period of last year, mainly due to the increase in earnings.

During the Relevant Period, the net profit attributable to shareholders of the Company was approximately RMB115,394,000, representing an increase of approximately 32.06% from approximately RMB87,378,000 for the corresponding period of last year.

Sales of piped natural gas

The revenue attributed to the sales of piped natural gas for the Relevant Period amounted to approximately RMB458,924,000, representing an increase of approximately 20.00% as compared with approximately RMB382,439,000 for the corresponding period of last year.

During the Relevant Period, total gas consumption by natural gas users of the Group was approximately 225,946,000 m^3, representing an increase of approximately 10.25% as compared with approximately 204,941,000 m^3 for the corresponding period of last year.

Natural gas consumption by different types of users during the Relevant Period, together with the comparative figures for the corresponding period of last year are stated as follows:

	For the six months ended 30 June				
	2009		2008		
	Total gas consumption	**As a percentage of total gas consumption**	Total gas consumption	As a percentage of total gas consumption	Increase/ Decrease %
Natural Gas Consumption					
(approximately '000 m^3)	**225,946**		204,941		10.25%
Including					
residential users	**77,574**	**34.33%**	76,475	37.32%	1.44%
commercial users	**79,156**	**35.03%**	66,688	32.54%	18.70%
industrial users	**33,815**	**14.97%**	35,505	17.32%	-4.76%
vehicular users	**35,401**	**15.67%**	26,273	12.82%	34.74%

During the Relevant Period, the supply of natural gas in Zhengzhou was basically stable and the gas consumption by residential, commercial and vehicular users increased. Gas consumption by residential, commercial and vehicular users was up 1.44%, 18.70% and 34.74%, respectively. However, as affected by the global financial tsunami, some users cut back or suspend production, and as a result gas consumption by industrial users dropped by 4.76% as compared with the corresponding period of last year. Gas consumption by vehicular users increased obviously, this was primarily attributable to the price advantage of natural gas as compared with gasoline.

As at 30 June 2009, the Group has 826,533 residential users, representing an increase of 48,697 users as compared with 777,836 residential users as at 31 December 2008; 2,139 commercial users, representing an increase of 123 users as compared with 2,016 commercial users as at 31 December 2008; 67 industrial users, representing an increase of 1 user as compared with 66 industrial users as at 31 December 2008; 9,394 vehicular users, representing an increase of 1,178 users as compared with 8,216 vehicular users as at 31 December 2008, which was mainly due to the soaring price of gasoline which induced more taxis to use natural gas.

During the Relevant Period, the Group purchased approximately 195,189,000 m^3, 28,291,000 m^3 and 8,122,000 m^3 of natural gas from "Project of Transmitting Natural Gas through the West to the East Pipelines", Ordos Gasfield and Zhongyuan Oilfield respectively, representing approximately 81.69%, 11.84% and 3.40% of the total purchase of natural gas respectively. During the Relevant Period, the Group's gas purchase cost was on the rise, and the average gas purchase cost increased to approximately RMB1.3606/m^3 in the Relevant Period from approximately RMB1.3284/m^3 in the corresponding period of last year.

Acquisition and Investment

In respect of external investments, the Group's investment in Pingdingshan Gas Company Limited ("Pingdingshan Gas", reorganized from Pingdingshan City Gas Corporation) began to contribute profit to the Group. During the Relevant Period, the investment generated a share of profit from an associated company of approximately RMB4,795,000 to the Group. The Group will strive to identify appropriate projects for investment in order to enhance the profitability of the Group.

Sales of gas appliances and pressure control equipments

The Group is also engaged in sales of gas appliances and pressure control equipments. The gas appliances available for sale mainly include gas stoves, water heaters and alarmers. These gas appliances were purchased from several gas appliance producers and sold through the Group's sales outlets in Zhengzhou. In relation to pressure control equipments, the main targets for marketing are other natural gas suppliers and residential users. For the Relevant Period, revenue from sale of gas appliances and pressure control equipments amounted to approximately RMB5,507,000 and approximately RMB259,000 respectively.

Natural gas pipeline construction services

For the Relevant Period, the Group's revenue derived from provision of natural gas pipeline construction services amounted to approximately RMB155,538,000, representing an increase of approximately 9.42% as compared with approximately RMB142,153,000 for the corresponding period of last year and the connection of natural gas supply for 42,039 residential users and 172 commercial users. The average fee for connection of natural gas supply for each residential user was approximately RMB3,366 while that for each commercial user was approximately RMB73,628. The increase of natural gas pipeline construction services income was mainly attributable to the satisfactory progress in natural gas pipeline construction for residential users. Furthermore, the Group also received revenue from other construction projects amounting to approximately RMB1,378,000.

In addition, the Group also provides gas pipelines renovation services. During the Relevant Period, such fees amounted to approximately RMB537,000, representing a decrease of approximately 74.55% as compared with approximately RMB2,110,000 for the corresponding period of last year, which was mainly attributable to the decrease in outdoor renovation projects.

Net profit and return to shareholders

During the Relevant Period, net profit margin of the Group was approximately 18.75% which was higher than 16.63% recorded for the corresponding period of last year. Such increase was mainly attributable to higher selling prices of natural gas and increase in share of net profits from an associate.

Average return to shareholders for the Relevant Period, based on the profit attributable to shareholders of the Company divided by the average of equity attributable to shareholders of the Company at the beginning and at the end of the Relevant Period, was approximately 14.75% which represented an increase as compared with 12.69% of the corresponding period of last year. This was primarily attributable to the same reasons contributing to the increase in net profit margin as stated above.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Share Consolidation

In order to comply with the listing requirements of A shares, the board of Directors of the Company proposed in the circular of the Company dated 3 April 2009 to its shareholders, that every ten issued H Shares of RMB0.10 each be consolidated into one consolidated H Share of RMB1.00 each and every ten issued Domestic Shares of RMB0.10 each be consolidated into one consolidated Domestic Share of RMB1.00 each ("Share Consolidation"). The resolution in relation to the Share Consolidation was approved by the shareholders of the Company at the annual general meeting and H Share and Domestic Share class meetings held on 21 May 2009 respectively. The Share Consolidation had come into effect on 22 May 2009. Prior to the Share Consolidation, the registered share capital of the Company was RMB125,150,000 comprising 700,840,000 Domestic Shares and 550,660,000 H Shares of RMB0.10 each of which all are in issue and fully paid. Subsequent to the Share Consolidation, the registered share capital of the Company remains as RMB125,150,000 comprising 70,084,000 consolidated Domestic Shares and 55,066,000 consolidated H Shares of RMB1.00 each of which all are in issue and fully paid.

Borrowings and bank loans

Currently the Group finances its capital expenditure and operations mainly by funds generated from its internal operations, bank loans and its bank deposits or cash on hand. The Group is of the view that, in the long run, the Group will generate its liquidity from business operations and may consider making use of further equity finances or bank loans when necessary.

As at 30 June 2009, the Group had interest-bearing bank borrowings of RMB40,000,000 bearing interest from 4.8% to 5% per annum.

Net current liabilities

As at 30 June 2009, the Group had net current liabilities of approximately RMB33,626,000 (31 December 2008: net current liabilities of approximately RMB34,624,000). However, there was an advance payment received of approximately RMB358,523,000 in the current liabilities, which was an unrecognized income, not an amount payable as a liability in nature. The Group had net current assets of approximately RMB324,897,000 after deducting such advance payment received.

Working capital

As at 30 June 2009, the Group had cash and bank balance of approximately RMB415,984,000.

Equity to liabilities ratio

As at 30 June 2009, equity interest to liabilities ratio (being total equity interest over total liabilities and expressed in percentage) of the Group was 128.35% which was lower than that of 133.01% as at 31 December 2008, which indicated that over half of the assets were being financed by shareholders' equities and a sound financial position. Such decrease was mainly due to the increase of trade payables and tax payables.

Foreign currency risk

All of the Group's businesses are operated in the PRC and all of its transactions are settled in Renminbi. Therefore, the Group's exposure to foreign currency risk is minimal.

Contingencies and pledge of assets

As at 30 June 2009, the Group did not have any significant contingencies or any pledged assets.

Employees and remuneration policy

There is no significant change in the Group's employees and remuneration policy compared to that disclosed in the annual report for the year ended 31 December 2008.

Prospects

Cooperation with CRGH

On 6 July 2009, the Board of the Company was informed by the State-owned Assets Supervision and Administration Commission of Zhengzhou Municipal* (鄭州市國有資產監督管理委員會) ("Zhengzhou SASAC") that it had entered into a cooperation framework agreement (the "Framework Agreement") on 5 July 2009 with China Resources Gas (Holdings) Limited (華潤燃氣（集團）有限公司) ("CRGH"), a non-listed subsidiary of China Resources (Holdings) Company Limited and an independent third party of the Company.

Pursuant to the Framework Agreement, CRGH and Zhengzhou Gas Group Co. Ltd. ("Zhengzhou Gas Group", the controlling shareholder of the Company which is wholly-owned by Zhengzhou Municipal Government, holding 43.18% of the shares of the Company) agreed to cooperate through reasonable arrangements such as establishment of a joint venture and assets transfer and CRGH shall own a 80% controlling interest in Zhengzhou Gas Group.

In addition, pursuant to the Framework Agreement, CRGH and Zhengzhou Gas Group agreed to establish a joint venture ("JV") with registered capital to be agreed by both parties. CRGH and Zhengzhou Gas Group shall own as to 80% and 20% of the equity interests in the JV respectively. Upon mutual agreement, the parties may contribute their proportionate share of capital in stages. Zhengzhou Gas Group will finance its share of contribution in the JV by the shares of the Company and other assets while CRGH will finance its share of contribution by cash. The pricing of Zhengzhou Gas Group's aforesaid contribution (being the shares of the Company and other assets) has not been determined in the Framework Agreement.

On 11 August 2009, Zhengzhou SASAC and CRGH further entered into a cooperation agreement ("Cooperation Agreement") in relation to the proposed cooperation between Zhengzhou Gas Group and CRGH, which set out part of the cooperation details specifically. Please refer to the announcements of the Company dated 9 July 2009, 6 August 2009 and 11 August 2009 for the details and progress of the relevant agreements between Zhengzhou Gas Group and CRGH in relation to their proposed cooperation.

The Board is of the view that if the Framework Agreement and Cooperation Agreement are fully implemented, the JV may own a 43.18% equity interest in the Company and CRGH may indirectly own a 34.5% equity interest in the Company through its 80% interest in the JV. Hence, if the Cooperation Agreement is fully implemented, it may lead to a change of control of the Company and a general offer obligation of the JV and/or CRGH (as the case may be) for the shares in the Company.

The Board is of the view that if the cooperation between CRGH and Zhengzhou Gas Group is successful, the Company will have access to the support from CRGH and therefore it will enjoy a much promising prospect.

Prospects of expanding customer base

In order to implement the State policy of "The Rise of Central China", Zhengzhou City is speeding up its city construction. The Zhengzhou new districts under development, including the Zheng East New District, the Baisha Guandu Industrial Area (白沙官渡產業集聚區) ("Baisha Guandu Industrial Area") located in Zhengzhou-Kaifeng industrial zone and the aerial port zone, etc, shall make Zhengzhou one of the regional hubs in the PRC with massive population flow, logistics activities and capital flow. According to the plans of the Zhengzhou Municipal Government, all the 143 urban villages in the Zhengzhou City will be reconstructed in stages. The reconstruction of these urban villages will involve 100,000 mu of land and 300,000 ordinary residents. Based on the 2008-2012 housing plan of Zhengzhou City, the Company expects that the number of residential users will keep growing steadily.

As to the commercial users, with the acceleration of investment and construction of Baisha Guandu Industrial Area and the aerial port zone, new opportunities will arise for the development of our natural gas business. With the increase in the number of commercial users in these two areas, it is expected that gas consumption by the commercial users will continue to increase steadily.

During the Relevant Period, there was a decrease in consumption by certain industrial users due to the economic crisis. We expect that the PRC economy will become stable in the second half of 2009, but gas consumption by industrial users will not grow significantly since the foundation for economic recovery has not been firmly established.

In respect of vehicular gas business, the Company and Zhengzhou Traffic and Transportation (Group) Company Limited (鄭州交通運輸（集團）有限責任公司) ("Zhengzhou Traffic and Transportation (Group)") entered into the joint venture agreement on 10 August 2009 to form a joint venture company, with an aim to develop jointly the short and mid haul gas driven coach market in Henan Province. The registered capital of the joint venture company shall be contributed by the Company and Zhengzhou Traffic and Transportation (Group) as to RMB22,000,000 and RMB18,000,000 respectively. At the initial stage of its operation, the main objective of the joint venture company is to establish compressed natural gas refilling stations, so as to satisfy the gas consumption demand of short and mid haul coaches operated by Zhengzhou Traffic and Transportation (Group) and other vehicular users. Also, it will conduct researches on liquefied natural gas application technology. Zhengzhou Traffic and Transportation (Group) is currently the largest road transportation enterprise in Henan with more than 8,300 employees and more than 2,000 coaches. The Group believes that the formation of the joint venture company represents a good opportunity to expand the existing business of the Group and broaden its revenue base.

OTHER INFORMATION

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2009, none of the Directors, supervisors or chief executives of the Company or their respective associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have been taken under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the "Model Code for Securities Transactions by Directors of Listed Issuers" to be notified to the Company and the Stock Exchange.

DISCLOSURES UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, as at 30 June 2009, the persons (not being a Director or supervisor or chief executive of the Company) or companies who had equity interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which will be required pursuant to section 336 of the SFO to be recorded in the register of the Company, or who were directly or indirectly deemed to be interested in 10% or more of the nominal value of any classes of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group (other than the Company) were as follows:

Long positions in ordinary shares of the Company:

Name	Capacity/ Nature of interest	Number of H Shares held in the Company	Approximate % of beneficial interests in H Shares in the Company	Number of Domestic Shares held in the Company	Approximate % of beneficial interests in Domestic Shares in the Company	Approximate % of beneficial interests in the total registered share capital of the Company
Zhengzhou Gas Group	Beneficial owner	–	–	54,041,510	77.11%	43.18%
Beijing Jinqiyuan Investment Management Co., Ltd. (北京金啟元投資管理有限公司) (formerly known as Zhengzhou Qiyuan Investment Consultancy Co., Ltd. (鄭州啟元投資諮詢有限公司)) *(note 1)*	Beneficial owner	–	–	11,550,000	16.48%	9.23%
Beijing Crystal Stone Investment Company Limited (北京水晶岩投資管理有限公司) *(note 2)*	Corporate	–	–	11,550,000	16.48%	9.23%
Liu Liangkun (劉良昆) *(note 3)*	Corporate	–	–	11,550,000	16.48%	9.23%

Notes:

1. As at 30 June 2009, Beijing Jinqiyuan Investment Management Co., Ltd., formerly known as Zhengzhou Qiyuan Investment Consultancy Co. Ltd. ("Beijing Jinqiyuan") held 11,550,000 domestic shares of the Company ("Domestic Shares"), representing approximately 16.48% of the beneficial interests in Domestic Shares. However, pursuant to the Listing Rules, Beijing Jinqiyuan was not a substantial shareholder of the Company because the Domestic Shares held by it represented only 9.23% of the total registered share capital of the Company.

2. As at 30 June 2009, Beijing Crystal Stone Investment Company Limited ("Beijing Crystal Stone") was deemed to have an interest in 11,550,000 Domestic Shares, representing approximately 16.48% of the beneficial interests in Domestic Shares, as it was interested in 37.39% of the registered capital of Beijing Jinqiyuan, which held 11,550,000 Domestic Shares. However, pursuant to the Listing Rules, Beijing Crystal Stone was not a substantial shareholder of the Company because the Domestic Shares in which Beijing Crystal Stone was deemed to be interested represented only 9.23% of the total registered share capital of the Company.

3. As at 30 June 2009, Mr. Liu Liangkun was deemed to have an interest in 11,550,000 Domestic Shares, representing approximately 16.48% of the beneficial interests in Domestic Shares, as he was interested in 33.75% of the registered capital of Beijing Crystal Stone, which was deemed to have an interest of 11,550,000 Domestic Shares. However, pursuant to the Listing Rules, Mr. Liu Liangkun was not a substantial shareholder of the Company because the Domestic Shares in which Mr. Liu Liangkun was deemed to be interested represented only 9.23% of the total registered share capital of the Company.

So far as the Directors are aware, as at 30 June 2009, the persons (not being a Director or supervisor or chief executive of the Company) or companies who were directly or indirectly deemed to be interested in 10% or more of the nominal value of any classes of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group (other than the Company) were as follows:

Name of subsidiary of the Company	Name of shareholder	Nominal value of registered and paid-up capital held by the subsidiary	Approximate % of shareholding of the subsidiary
Dengfeng Zhengran Gas Co., Ltd. (登封鄭燃燃氣有限公司)	Zhengzhou Gas Engineering and Construction Co., Ltd. (鄭州燃氣工程建設有限公司)	RMB23,500,000	78.33%

Save as disclosed above, the Directors are not aware of any other person (not being a Director or supervisor or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who was interested in 10% or more of the nominal value of any classes of the share capital, or options in respect of such capital, carrying rights to vote in all circumstances at general meetings of any member of the Group (other than the Company).

DIRECTORS' AND SUPERVISORS' INTERESTS IN UNDERLYING SHARES UNDER OPTION DERIVATIVES

Save as disclosed above, during the six months ended 30 June 2009, none of the Directors, supervisors or chief executives of the Company was granted options to subscribe for H Shares of the Company. As at 30 June 2009, none of the Directors, supervisors or chief executives, or their spouses or minor children (with their age under 18) had any right to acquire H Shares in the Company or had exercised any of such right during the period.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Relevant Period.

SUFFICIENCY OF PUBLIC FLOAT

According to the publicly available information of the Company and as the Directors of the Company are aware, the Directors confirmed that the Company had compiled with the requirement of maintenance of the public float during the Relevant Period.

AUDIT COMMITTEE

The Company established an audit committee on 30 September 2002 with terms of reference re-adopted on 29 March 2007 in compliance with the Listing Rules. The primary functions of the audit committee are to review the financial reporting process and the internal control systems of the Group. The audit committee currently comprises three members, namely Ms. Wang Xiuli and Mr. Zhang Jianqing, both being independent non-executive Directors, and Mr. Zhang Wushan, a non-executive Director. Ms. Wang Xiuli is the chairperson of the audit committee.

During the Relevant Period, the audit committee held two meetings and reviewed the unaudited consolidated results of the Group for the six months ended 30 June 2009 and this report.

THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the provisions of the Code on Corporate Governance Practices as set out in the Listing Rules for the six months ended 30 June 2009.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 30 June 2009, the Company had adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in the Listing Rules. The Group, having made specific enquiry of all Directors, is not aware of any non-compliance by any of the Directors with the required standard of dealings and the code of conduct regarding securities transactions by the Directors.

COMPETING INTERESTS

None of the Directors, the initial management shareholders of the Company or their respective associates (as defined in the Listing Rules) had any interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Company.

DIRECTORS

As at the date of this report, the members of the Board include three executive Directors, namely, Mr. Yan Guoqi (閆國起), Mr. Li Jinlu (李金陸) and Mr. Li Hongwei (李紅衛), four non-executive Directors, namely, Mr. Song Jinhui (宋金會), Mr. Zhang Wushan (張武山), Mr. Ding Ping (丁平) and Mr. Liu Jianwen (劉劍文) and four independent non-executive Directors, namely, Mr. Yu Jingsong (余勁松), Mr. Zhang Jianqing (張建清), Ms. Wang Xiuli (王秀麗) and Mr. Wong Ping (王平).

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

25 August 2009
Zhengzhou, the PRC

* *For identification purpose only*