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華潤燃氣控股有限公司
China Resources Gas Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1193)

CONTINUING CONNECTED TRANSACTIONS

The Board refers to the Company's announcement dated 8 September 2009 regarding the Company's Acquisition of the Target Group. The Board wishes to announce that as a result of the Acquisition and upon Completion, three of the companies from the Target Group, namely, Yangquan CR Gas, Datong CR Gas and Xiangfan CR Gas will continue with transactions for the purchase and supply of natural gas with Shanxi Gas and Gucheng CR Gas respectively from the date of Completion, which will constitute continuing connected transactions of the Company.

Shanxi Gas is interested in 25% of the registered capital of Yangquan CR Gas and hence a substantial shareholder of Yangquan CR Gas. Shanxi Energy is also interested in 25% and 51% of the registered capital of Datong CR Gas and Shanxi Gas respectively. Shanxi Group is an existing connected person of the Company as Shanxi Gas is also interested in 10% and 30% of the registered capital of Hongdong CR Gas and Huozhou CR Gas (please refer below). Accordingly, the Yangquan Contract and Datong Contract will upon Completion, constitute continuing connected transactions of the Company under the Listing Rules. In addition, apart from the Yangquan Contract and Datong Contract, the Group has entered into similar purchase and supply of natural gas transactions with Shanxi Gas on the date of this announcement, and these transactions, namely transactions under Hongdong Contract and Huozhou Contract will be aggregated with the Yangquan Contract and Datong Contract pursuant to Rule 14A.25 of the Listing Rules. Both Hongdong CR Gas and Huozhou CR Gas are non-wholly owned subsidiaries of the Company and Shanxi Gas is interested in 10% and 30% of the registered capital of Hongdong CR Gas and Huozhou CR Gas, and hence a substantial shareholder of each Hongdong CR Gas and Huozhou CR Gas respectively.

Gucheng CR Gas is indirectly wholly-owned by China Resources Holdings, which is in turn a controlling shareholder of the Company. Gucheng CR Gas is therefore a connected person of the Company upon Completion. Accordingly, the Xiangfan Contract will upon Completion, constitute continuing connected transactions of the Company under the Listing Rules.

It is expected that one or more of the relevant percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the annual revenue receivable by the Group under the Xiangfan Contract will exceed 0.1% but less than 2.5%, the Xiangfan Contract and transactions contemplated therein are subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and are exempted from the Independent Shareholders' approval requirement under the Listing Rules.

In addition, it is expected that one or more of the relevant percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the annual consideration payable by the Group under the Yangquan Contract and Datong Contract (and in aggregation with Hongdong Contract and Huozhou

Contract pursuant to Rule 14A.25 of the Listing Rules) will exceed 2.5%, the Yangquan Contract, Datong Contract, Hongdong Contract and Huozhou Contract and transactions contemplated therein are subject to reporting and announcement requirements and Independent Shareholders' approval under Rules 14A.45 to 14A.48 of the Listing Rules. No Shareholder is required to abstain from voting if the Company were to convene a SGM for the approval of the Yangquan Contract, Datong Contract, Hongdong Contract and Huozhou Contract and transactions contemplated therein, and the Company has obtained a written approval from Splendid Time, which holds approximately 74.94% of the entire issued share capital of the Company in respect of the entering into of the Yangquan Contract, Datong Contract, Hongdong Contract and Huozhou Contract and the transactions contemplated therein. In this regard, the Company has applied to the Stock Exchange for a waiver from strict compliance with the Listing Rules to hold a general meeting for the Independent Shareholders' approval for the Yangquan Contract, Datong Contract, Hongdong Contract and Huozhou Contract pursuant to Rule 14A.43 of the Listing Rules. Subject to the Stock Exchange's granting of the said waiver, the Yangquan Contract, Datong Contract, Hongdong Contract and Huozhou Contract and the continuing connected transactions arising therefrom would have been approved by the written approval of Splendid Time in lieu of holding a general meeting of the Company.

A circular containing further details of, amongst others, (i) the continuing connected transactions with respect to Yangquan Contract, Datong Contract, Hongdong Contract and Huozhou Contract; (ii) the recommendations of the Independent Board Committee in respect of the said continuing connected transactions; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the said continuing connected transactions will be dispatched to the Shareholders in due course.

The Board refers to the Company's announcement dated 8 September 2009 regarding the Company's Acquisition of the Target Group. Capitalized terms used herein shall have the same meanings as those defined in the announcement of the Company dated 8 September 2009, unless specified otherwise.

THE CONTRACTS

(I) Yangquan Contract Details

(a) Date

10 May 2008

(b) Parties

- (i) Yangquan CR Gas; and
- (ii) Shanxi Gas.

(c) Transaction Nature

Pursuant to the Yangquan Contract, Yangquan CR Gas will commit to purchase and Shanxi Gas will commit to supply an annual minimum volume of natural gas. Each of the parties is liable to the other for compensation if it fails to purchase or supply natural gas in the annual minimum volume save and except where such failure to meet the annual minimum volume was due to any force majeure events or the default of the other party. Any compensation is to be calculated based on pre-agreed formulae provided in the Yangquan Contract.

Yangquan CR Gas may demand beyond the annual minimum volume of natural gas committed to be supplied by Shanxi Gas. Shanxi Gas agrees to use its reasonable endeavour (but not obliged) to meet such a demand at an increase in purchase price subject to the terms and conditions under the Yangquan Contract. Under the Yangquan Contract, Yangquan CR Gas has committed to purchase a minimum volume of 16,800,000 m³, 66,500,000 m³ and 114,000,000 m³ of natural gas for year 2008, 2009 and 2010 respectively.

(d) Prices

Subject to the price adjustment according to the price prescribed by the provincial price bureau, Yangquan CR Gas agrees to purchase and Shanxi Gas agrees to sell and supply natural gas at the agreed price of:

- (i) RMB1.49 per m³ (equivalent to approximately HK\$1.69) for non-industrial purposes; and
- (ii) RMB1.89 per m³ (equivalent to approximately HK\$2.14) for industrial purpose.

(e) Term

From 10 May 2008 to 31 December 2010.

(f) Payment

Yangquan CR Gas has to settle the natural gas fee monthly in advance based on monthly estimated volume of gas (being the proportionate volume of gas based on the annual minimum volume) to be consumed for the relevant month.

(II) Datong Contract Details

(a) Date

18 March 2008

(b) Parties

- (i) Datong CR Gas; and
- (ii) Shanxi Gas.

(c) Transaction Nature

Pursuant to the Datong Contract, Datong CR Gas will commit to purchase and Shanxi Gas will commit to supply an annual minimum volume of natural gas. Each of the parties is liable to the other for compensation if it fails to purchase or supply natural gas in the annual minimum volume save and except where such failure to meet the annual minimum volume was due to any force majeure events or the default of the other party. Any compensation is to be calculated based on pre-agreed formulae provided in the Datong Contract.

Datong CR Gas may demand beyond the annual minimum volume of natural gas committed to be supplied by Shanxi Gas. Shanxi Gas agrees to use its reasonable endeavour (but not obliged) to meet such a demand at an increase in purchase price subject to the terms and conditions under the Datong Contract. Under the Datong Contract, Datong CR Gas has committed to purchase a minimum volume of 46,820,000 m³, 101,670,000 m³ and 128,730,000 m³ of natural gas for year 2008, 2009 and 2010 respectively.

(d) Prices

Subject to the price adjustment according to the price prescribed by the provincial price bureau, Datong CR Gas agrees to purchase and Shanxi Gas agrees to sell and supply natural gas at the agreed price of:

- (i) RMB1.50 per m³ (equivalent to approximately HK\$1.70) for non-industrial purposes; and
- (ii) RMB1.90 per m³ (equivalent to approximately HK\$2.16) for industrial purpose.

(e) Term

From 18 March 2008 to 31 December 2010.

(f) Payment

Datong CR Gas has to settle the natural gas fee monthly in advance based on monthly estimated volume of gas (being the proportionate volume of gas based on the annual minimum volume) to be consumed for the relevant month.

(III) Hongdong Contract Details

(a) Date

19 October 2009

(b) Parties

- (i) Hongdong CR Gas; and
- (ii) Shanxi Gas.

(c) Transaction Nature

Pursuant to the Hongdong Contract, Hongdong CR Gas will commit to purchase and Shanxi Gas will commit to supply an annual minimum volume of natural gas. Each of the parties is liable to the other for compensation if it fails to purchase or supply natural gas in the annual minimum volume save and except where such failure to meet the annual minimum volume was due to any force majeure events or the default of the other party. Any compensation is to be calculated based on pre-agreed formulae provided in the Hongdong Contract.

Hongdong CR Gas may demand beyond the annual minimum volume of natural gas committed to be supplied by Shanxi Gas. Shanxi Gas agrees to use its reasonable endeavour (but not obliged) to meet such a demand at an increase in purchase price subject to the terms and conditions under the Hongdong Contract. Under the Hongdong Contract, Hongdong CR Gas has committed to purchase a minimum volume of 650,000 m³, 5,430,000 m³ and 13,680,000 m³ of natural gas for year 2009, 2010 and 2011 respectively.

(d) Prices

Subject to the price adjustment according to the price prescribed by the provincial price bureau, Hongdong CR Gas agrees to purchase and Shanxi Gas agrees to sell and supply natural gas at the agreed price of:

- (i) RMB1.54 per m³ (equivalent to approximately HK\$1.75) for non-industrial purposes; and
- (ii) RMB1.94 per m³ (equivalent to approximately HK\$2.20) for industrial purpose.

(e) Term

From 30 June 2009 to 31 December 2011.

(f) Payment

Hongdong CR Gas has to settle the natural gas fee monthly in advance based on monthly estimated volume of gas (being the proportionate volume of gas based on the annual minimum volume) to be consumed for the relevant month.

(IV) Huozhou Contract Details

(a) Date

19 October 2009

(b) Parties

- (i) Huozhou CR Gas; and
- (ii) Shanxi Gas.

(c) Transaction Nature

Pursuant to the Huozhou Contract, Huozhou CR Gas will commit to purchase and Shanxi Gas will commit to supply an annual minimum volume of natural gas. Each of the parties is liable to the other for compensation if it fails to purchase or supply natural gas in the annual minimum volume save and except where such failure to meet the annual minimum volume was due to any force majeure events or the default of the other party. Any compensation is to be calculated based on pre-agreed formulae provided in the Huozhou Contract.

Huozhou CR Gas may demand beyond the annual minimum volume of natural gas committed to be supplied by Shanxi Gas. Shanxi Gas agrees to use its reasonable endeavour (but not obliged) to meet such a demand at an increase in purchase price subject to the terms and conditions under the Huozhou Contract. Under the Huozhou Contract, Huozhou CR Gas has committed to purchase a minimum volume of 2,460,000 m³, 7,790,000 m³ and 19,100,000 m³ of natural gas for year 2009, 2010 and 2011 respectively.

(d) Prices

Subject to the price adjustment according to the price prescribed by the provincial price bureau, Huozhou CR Gas agrees to purchase and Shanxi Gas agrees to sell and supply natural gas at the agreed price of:

- (i) RMB1.54 per m³ (equivalent to approximately HK\$1.75) for non-industrial purposes; and
- (ii) RMB1.94 per m³ (equivalent to approximately HK\$2.20) for industrial purpose.

(e) Term

From 5 August 2009 to 31 December 2011.

(f) Payment

Huozhou CR Gas has to settle the natural gas fee monthly in advance based on monthly estimated volume of gas (being the proportionate volume of gas based on the annual minimum volume) to be consumed for the relevant month.

(V) Xiangfan Contract Details

(a) Date

21 March 2009

(b) Parties

- (i) Xiangfan CR Gas; and
- (ii) Gucheng CR Gas.

(c) Transaction Nature

Pursuant to the Xiangfan Contract, Xiangfan CR Gas agrees to sell and supply and Gucheng CR Gas agrees to purchase such volume of natural gas based on its actual consumption, subject to the annual minimum volume of natural gas to be estimated and agreed by the parties on a yearly basis.

Gucheng CR Gas will commit to purchase and Xiangfan CR Gas will commit to supply the annual minimum volume of natural gas. Each of the parties is liable to the other for compensation if it fails to purchase or supply natural gas in the annual minimum volume save and except where such failure to meet the annual minimum volume was due to any force majeure events or the default of the other party. Any compensation is to be calculated based on pre-agreed formulae provided in the Xiangfan Contract.

Gucheng CR Gas may demand beyond the annual minimum volume of natural gas committed to be supplied by Xiangfan CR Gas at an increase in the purchase price subject to the terms and conditions under the Xiangfan Contract. Under the Xiangfan Contract, Gucheng CR Gas has committed to purchase a minimum volume of 1,750,000 m³, 4,550,000 m³ and 8,400,000 m³ of natural gas for year 2009, 2010 and 2011 respectively.

(d) Prices

Subject to price adjustment according to the price prescribed by the provincial price bureau, Gucheng CR Gas agrees to purchase and Xiangfan CR Gas agrees to sell and supply natural gas at the agreed price of:

- (i) RMB2.45 per m³ (equivalent to approximately HK\$2.78); or
- (ii) RMB1.84 per m³ (equivalent to approximately HK\$2.09) if Gucheng CR Gas arranges own transportation for delivery of the natural gas from the gas station of Xiangfan CR Gas.

(e) **Term**

From 21 January 2009 to 31 December 2011

(f) **Payment**

Gucheng CR Gas has to settle the natural gas fee monthly based on the actual consumption of the natural gas during the month subject to such terms and conditions under the Xiangfan Contract.

CONSIDERATION PURSUANT TO THE CONTRACTS

The proposed price per m³ at which natural gas is to be sold and purchased pursuant to the Contracts is determined on an arm's length basis by reference to prevailing market price. The terms of the transactions pursuant to the Contracts shall be no less favourable than those offered by independent third parties.

The Directors expect that the aggregate annual amount of purchases of natural gas by Yangquan CR Gas and Datong CR Gas, and in aggregation with Hongdong CR Gas and Huozhou CR Gas respectively from Shanxi Gas, assuming the date of Completion being 19 October 2009, pursuant to the Yangquan Contract, Datong Contract, Hongdong Contract and Huozhou Contract will not exceed the following:-

Year/Period	Annual Cap (RMB)	Annual Cap (approximate HK\$ equivalent)
19 October 2009 - 31 December 2009	117,917,700	133,788,243
For the year ending 31 December 2010	508,852,200	577,338,618
For the year ending 31 December 2011	66,154,000	75,057,667

The estimates of purchases under the Yangquan Contract, Datong Contract, Hongdong Contract and Huozhou Contract are based on estimated volume of natural gas to be purchased during each relevant period, that is:-

- (a) 30,000,000 m³ for the period from 19 October 2009 to 31 December 2009 and 114,000,000 m³ for the financial year ending 31 December 2010 and multiplying such estimated quantities by the agreed price of RMB1.89 per m³ of natural gas under the Yangquan Contract;
- (b) 29,075,000 m³ for the period from 19 October 2009 to 31 December 2009 and 140,500,000 m³ for the financial year ending 31 December 2010 and multiplying such estimated quantities by the agreed price of RMB1.90 per m³ of natural gas under the Datong Contract;
- (c) 350,000 m³ for the period from 19 October 2009 to 31 December 2009, 5,430,000 m³ and 15,000,000 m³ for the two financial years ending 31 December 2011 and multiplying such estimated quantities by the agreed price of RMB1.94 per m³ of natural gas under the Hongdong Contract; and
- (d) 2,730,000 m³ for the period from 19 October 2009 to 31 December 2009, 8,200,000 m³ and 19,100,000 m³ for the two financial years ending 31 December 2011 and multiplying such estimated quantities by the agreed price of RMB1.94 per m³ of natural gas under the Huozhou Contract.

Such annual caps are arrived at after taking into account the past consumption of the natural gas, the existing scale and operation of the Group, the anticipated growth and development of natural gas distribution business of the Group, the anticipated growth of the gas users as a result of the expansion of gas pipeline network of the Group by connecting gas pipelines to newly developed areas in Yangquan city, Datong city, Hongdong county and Huozhou city and the anticipated increase in the population of the these areas.

The Directors expect that the aggregate annual amount of sale of natural gas by Xiangfan CR Gas to Gucheng CR Gas, assuming the date of Completion being 19 October 2009, pursuant to the Xiangfan Contract will not exceed the following:-

Year/Period	Annual Cap (RMB)	Annual Cap (approximate HK\$ equivalent)
19 October 2009 - 31 December 2009	2,205,000	2,501,771
For the year ending 31 December 2010	15,925,000	18,068,346
For the year ending 31 December 2011	29,400,000	33,356,946

The estimates of sales under the Xiangfan Contract are based on the assumption that Completion will take place on 19 October 2009 and based on estimated volume of natural gas to be sold during each relevant period (that is, 900,000 m³, 6,500,000 m³ and 12,000,000 m³ for each of the years ending 31 December 2009, 31 December 2010 and 31 December 2011) and multiplying such estimated quantities by the proposed price of RMB2.45 per m³ of natural gas. Such annual caps are arrived at after taking into account the past consumption of the natural gas, the existing scale and operation of Gucheng CR Gas, the anticipated growth and development of natural gas distribution business of Gucheng CR Gas and the anticipated increase in the population of Gucheng County, Hubei Province.

BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The Directors believe that the continuing connected transactions are consistent with the businesses and commercial objectives of the Group in exploring market opportunities for gas and gas related products and services in the PRC and that, by entering into the Yangquan, Datong, Hongdong and Huozhou Contracts, it will help Yangquan CR Gas, Datong CR Gas, Hongdong CR Gas and Huozhou CR Gas in ensuring a steady and reliable supply of natural gas for its business and natural gas distribution in Yangquan city, Datong city, Hongdong county and Huozhou city, all of Shanxi Province of the PRC; and on the other hand, the Xiangfan Contract will help Xiangfan CR Gas in ensuring a steady and reliable cash flow and income, thereby facilitating the Group's business in tapping the market for natural gas in Gucheng county, Hubei Province of the PRC.

LISTING RULES IMPLICATIONS

Each of Shanxi Group and Gucheng CR Gas is a limited liability company established in the PRC. Shanxi Group is engaged in energy development, manufacturing and supply of natural gas in the PRC; and Gucheng CR Gas is engaged in the business of distribution of natural gas in the PRC.

Shanxi Gas is interested in 25% of the registered capital of Yangquan CR Gas and hence a substantial shareholder of Yangquan CR Gas. Shanxi Energy is also interested in 25% and 51% of the registered capital of Datong CR Gas and Shanxi Gas respectively. Shanxi Group is an existing connected person of the Company as Shanxi Gas is also interested in 10% and 30% of the registered capital of Hongdong CR Gas and Huozhou CR Gas (please refer below). Accordingly, the Yangquan Contract and Datong Contract will upon Completion, constitute continuing connected transactions of the Company under the Listing Rules. In addition, apart from the Yangquan Contract and Datong Contract, the Group has entered into similar purchase and supply of natural gas transactions with Shanxi Gas on the date of this announcement, and these transactions, namely transactions under

Hongdong Contract and Huozhou Contract will be aggregated with the Yangquan Contract and Datong Contract pursuant to Rule 14A.25 of the Listing Rules. Both Hongdong CR Gas and Huozhou CR Gas are non-wholly owned subsidiaries of the Company and Shanxi Gas is interested in 10% and 30% of the registered capital of Hongdong CR Gas and Huozhou CR Gas, and hence a substantial shareholder of each Hongdong CR Gas and Huozhou CR Gas respectively.

Gucheng CR Gas is indirectly wholly-owned by China Resources Holdings, which is in turn a controlling shareholder of the Company. Gucheng CR Gas is therefore a connected person of the Company upon Completion. Accordingly, the Xiangfan Contract will upon Completion, constitute continuing connected transactions of the Company under the Listing Rules.

It is expected that one or more of the relevant percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the annual revenue receivable by the Group under the Xiangfan Contract will exceed 0.1% but less than 2.5%, the Xiangfan Contract and transactions contemplated therein are subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and are exempted from the Independent Shareholders' approval requirement under the Listing Rules.

In addition, it is expected that one or more of the relevant percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the annual consideration payable by the Group under the Yangquan Contract and Datong Contract (and in aggregation with Hongdong Contract and Huozhou Contract pursuant to Rule 14A.25 of the Listing Rules) will exceed 2.5%, the Yangquan Contract, Datong Contract, Hongdong Contract and Huozhou Contract and transactions contemplated therein are subject to reporting and announcement requirements and Independent Shareholders' approval under Rules 14A.45 to 14A.48 of the Listing Rules. No Shareholder is required to abstain from voting if the Company were to convene a SGM for the approval of the Yangquan Contract, Datong Contract, Hongdong Contract and Huozhou Contract and transactions contemplated therein, and the Company has obtained a written approval from Splendid Time, which holds approximately 74.94% of the entire issued share capital of the Company in respect of the entering into of the Yangquan Contract, Datong Contract, Hongdong Contract and Huozhou Contract and the transactions contemplated therein. In this regard, the Company has applied to the Stock Exchange for a waiver from strict compliance with the Listing Rules to hold a general meeting for the Independent Shareholders' approval for the Yangquan Contract, Datong Contract, Hongdong Contract and Huozhou Contract pursuant to Rule 14A.43 of the Listing Rules. Subject to the Stock Exchange's granting of the said waiver, the Yangquan Contract, Datong Contract, Hongdong Contract and Huozhou Contract and the continuing connected transactions arising therefrom would have been approved by the written approval of Splendid Time in lieu of holding a general meeting of the Company.

Save as stated above, the Group had no prior transaction with Shanxi Group and Gucheng CR Gas and their ultimate beneficial owners that requires aggregation under Rule 14A.25 of the Listing Rules.

GENERAL

The Directors, including independent non-executive Directors, consider that the continuing connected transactions under the Xiangfan Contract and the corresponding annual caps set out above are and will be conducted in ordinary course of business of the Group, on normal commercial terms and are fair and reasonable and in the interest of the Company and its shareholders as a whole.

The Directors, excluding independent non-executive Directors, consider that the continuing connected transactions under the Yangquan Contract, Datong Contract, Hongdong Contract and Huozhou Contract and the corresponding annual caps set out above are and will be conducted in ordinary course of business of the Group, on normal commercial terms and are fair and reasonable and in the interest of the Company and its shareholders as a whole.

The Independent Board Committee will also consider the terms of Yangquan Contract, Datong Contract, Hongdong Contract and Huozhou Contract and the terms of the said continuing connected transactions including the corresponding annual caps set out above. No member of the Independent Board Committee has any material interest in the Yangquan Contract, Datong Contract, Hongdong Contract and Huozhou Contract and the said continuing connected transactions. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms of the continuing connected transactions under the Yangquan Contract, Datong Contract, Hongdong Contract and Huozhou Contract and the relevant annual caps.

A circular containing further details of, amongst others, (i) the continuing connected transactions with respect to Yangquan Contract, Datong Contract, Hongdong Contract and Huozhou Contract; (ii) the recommendations of the Independent Board Committee in respect of the said continuing connected transactions; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the said continuing connected transactions will be dispatched to the Shareholders in due course.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms shall have the meanings set out below:

- “Contracts” : means collectively, the Yangquan Contract, Datong Contract, Hongdong Contract, Huozhou Contract and Xiangfan Contract;
- “Datong CR Gas” : 大同華潤燃氣有限公司 (translated as Datong China Resources Gas Co., Ltd.)*, a limited liability company established in the PRC which is currently a non wholly-owned subsidiary of China Resources Holdings;
- “Datong Contract” : the framework contract dated 18 March 2008 and entered into between Datong CR Gas and Shanxi Gas, which is more particularly described under the section "Datong Contract Details" of this announcement;
- "Group" : the Company and its subsidiaries;
- “Gucheng CR Gas” : 谷城華潤燃氣有限公司 (translated as Gucheng China Resources Gas Co., Ltd.)*, a limited liability company established in the PRC and a wholly-owned subsidiary of China Resources Holdings;
- “Hongdong CR Gas” : 洪洞華潤恒富燃氣有限公司 (translated as Hongdong China Resources Hengfu Gas Co., Ltd.)*, a limited liability company established in the PRC and a non wholly-owned subsidiary of the Company;
- “Hongdong Contract” : the framework contract dated 19 October 2009 and entered into between Hongdong CR Gas and Shanxi Gas, which is more particularly described under the section "Hongdong Contract Details" of this announcement;

- “Huozhou CR Gas” : 霍州華潤燃氣有限公司 (translated as Huozhou China Resources Gas Co., Ltd.)*, a limited liability company established in the PRC and a non wholly-owned subsidiary of the Company;
- “Huozhou Contract” : the framework contract dated 19 October 2009 and entered into between Huozhou CR Gas and Shanxi Gas, which is more particularly described under the section "Huozhou Contract Details" of this announcement;
- "Independent Board Committee" : an independent board committee of the Company constituted to consider the terms of the Yangquan Contract, Datong Contract, Hondong Contract and Huozhou Contract and the corresponding annual caps as set out in the announcement. Mr. Wong Tak Shing, Mr. Luk Chi Cheong and Dr. Yang Chonghe, Howard have been appointed by the Board to serve as members of the Independent Board Committee;
- “Shanxi Energy” : 山西省國新能源發展集團有限公司 (translated as Shanxi Province National New Energy Development Group Limited)*, a limited liability company established in the PRC interested and is interested in 25% and 51% of the registered capital of Datong CR Gas and Shanxi Gas respectively;
- “Shanxi Gas” : 山西天然氣股份有限公司 (translated as Shanxi Natural Gas Limited)*, a limited liability company established in the PRC interested and is interested in 25%, 10% and 30% of the registered capital of Yangquan CR Gas, Hongdong CR Gas and Huozhou CR Gas respectively;
- “Shanxi Group” : Shanxi Energy and one of its subsidiary, Shanxi Gas collectively;
- “Splendid Time” : Splendid Time Investments Inc., a company incorporated in the British Virgin Islands with limited liability, which is the registered and beneficial holder of approximately 74.94% of the issued share capital of the Company and a wholly-owned subsidiary of China Resources Holdings;
- “substantial shareholder” : shall have the meaning ascribed to that term in the Listing Rules;
- “Xiangfan Contract” : the framework contract dated 21 March 2009 and entered into between Xiangfan CR Gas and Gucheng CR Gas, which is more particularly described under the section "Xiangfan Contract Details" of this announcement;
- “Yangquan CR Gas” : 陽泉華潤燃氣有限公司 (translated as Yangquan China Resources Gas Limited)*, a limited liability company established in the PRC which is currently a non wholly-owned subsidiary of China Resources Holdings;

“Yangquan Contract” : the framework contract dated 10 May 2008 and entered into between Yangquan CR Gas and Shanxi Gas, which is more particularly described under the section "Yangquan Contract Details" of this announcement; and

m³ : cubic meters

By the order of the Board of
China Resources Gas Group Limited
Ma Guoan
Chairman

Hong Kong, 19 October 2009

As at the date of this announcement, the directors of the Company are Mr. Ma Guoan, Mr. Wang Chuandong and Mr. Ong Thiam Kin, being Executive Directors; Mr. Li Fuzuo, Mr. Du Wenmin and Mr. Wei Bin, being Non-executive Directors; and Mr. Wong Tak Shing, Mr. Luk Chi Cheong and Dr. Yang Chonghe, Howard, being Independent Non-executive Directors.

For the purposes of this announcement, unless otherwise specified, conversions of RMB into Hong Kong dollars are based on the approximate exchange rate of RMB1.00 to HK\$1.13459, for the purposes of illustration only. No representation is made that any amount in Hong Kong dollars or RMB could have been or could be converted at the above rate or at any other rates.

** The English names of the PRC-incorporated company are only English translations of the corresponding official Chinese name and are provided for identification purposes only.*