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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or otherwise transferred all your shares in China Resources Gas Group Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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

Independent Financial Adviser

 **CIMB**
CIMB Securities (HK) Limited

A letter from the Independent Board Committee is set out on pages 12 to 13 of this circular. A letter from CIMB Securities (HK) Limited, the independent financial adviser, containing its advice to the Independent Board Committee and the independent Shareholders is set out on pages 14 to 21 of this circular.

8 July 2011

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DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context otherwise requires:

“Associates”	has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;
“China Resources Holdings”	China Resources (Holdings) Company Limited, the substantial and controlling shareholder (as defined in the Listing Rules) of the Company, through its interest in its wholly-owned subsidiary, Splendid Time;
“CIMB”	CIMB Securities (HK) Limited, a licensed corporation under the SFO which engages in type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities and the independent financial adviser to the Independent Board Committee and the independent Shareholders in relation to the Framework Agreements;
“Company”	China Resources Gas Group Limited (華潤燃氣控股有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
“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 and a non wholly-owned subsidiary of the Company;
“Director(s)”	the director(s) of the Company;
“Framework Agreements”	the five separate framework agreements entered into by each of Yangquan CR Gas, Datong CR Gas, Hongdong CR Gas, Huozhou CR Gas, Yangqu CR Gas as purchaser respectively with Shanxi Gas as supplier, which is more particularly described under the section “Framework Agreements Details” of this circular, and each a “Framework Agreement”;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;

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“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;
“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;
“Independent Board Committee”	an independent board committee of the Company constituted to consider the terms of each of the Framework Agreements and the relevant annual caps as set out in this circular. Mr. Wong Tak Shing, Mr. Luk Chi Cheong and Ms. Yu Jian have been appointed by the Board to serve as members of the Independent Board Committee;
“Latest Practicable Date”	6 July 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
“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 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 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 subsidiaries, Shanxi Gas collectively;

DEFINITIONS

“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	person(s) whose name(s) appear on the register of members as registered holder(s) of Share(s);
“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 1,246,654,206 Shares, representing approximately 68.08% of the issued share capital of the Company and a wholly-owned subsidiary of China Resources Holdings;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Yangqu CR Gas”	陽曲華潤燃氣有限公司 (translated as Yangqu China Resources Gas Co., Limited)*, a limited liability company established in the PRC and a non wholly-owned subsidiary of the Company;
“Yangquan CR Gas”	陽泉華潤燃氣有限公司 (translated as Yangquan China Resources Gas Co, Limited)*, a limited liability company established in the PRC and a non wholly-owned subsidiary of the Company;
“m ³ ”	cubic meters; and
“%”	per cent.

For the purposes of this circular, unless otherwise specified, conversions of RMB into Hong Kong dollars are based on the approximate exchange rate of RMB1.00 to HK\$1.212, 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.*

LETTER FROM THE BOARD



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

(Incorporated in Bermuda with limited liability)

(Stock Code: 1193)

Executive Directors:

MA Guoan (*Chairman*)

WANG Chuandong (*Managing Director*)

ONG Thiam Kin (*Chief Financial Officer*)

Registered Office:

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Non-executive Directors:

DU Wenmin

WEI Bin

*Principal Place of Business
in Hong Kong:*

Room 1901-05
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

Independent Non-executive Directors:

WONG Tak Shing

LUK Chi Cheong

YU Jian

8 July 2011

To the Shareholders

Dear Sir and Madam,

CONTINUING CONNECTED TRANSACTIONS

I. INTRODUCTION

The Company has, by an announcement dated 7 June 2011, announced *inter alia*, that each of Yangquan CR Gas, Datong CR Gas, Hongdong CR Gas, Huozhou CR Gas and Yangqu CR Gas has on its own entered into a Framework Agreement for the purchase and supply of natural gas with Shanxi Gas for a term of five years commencing on 1 January 2011.

Shanxi Gas is a connected person of the Company. As the transactions involve the purchase of natural gas by the Group from Shanxi Gas, the transactions contemplated under the five Framework Agreements will have to be aggregated pursuant to Rule 14A.25. It is expected that one or more of the relevant percentage ratios calculated under Rules 14.07 of the Listing Rules in respect of the aggregate maximum annual consideration payable by the Group to Shanxi Gas under all the five Framework Agreements will exceed 5%, each of the five Framework Agreements and transactions contemplated therein are subject to reporting, announcement and independent shareholder's approval requirements under Rules 14A.45 to 14A.48 and annual review requirements under Rules 14A.37 to 14A.40 of the Listing Rules.

LETTER FROM THE BOARD

The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the Listing Rules to hold a general meeting for the approval of the Company's independent shareholders for the Framework Agreements pursuant to Rule 14A.43 of the Listing Rules. Hence, the Framework Agreements and the transactions contemplated therein have been approved by the written approval of Splendid Time in lieu of holding a general meeting of the Company.

As each of the Framework Agreements is for a duration of five years (exceeding the requirement under Rule 14A.35(1) of the Listing Rules that it must not be longer than three years), the Company has appointed CIMB to provide its view on why a longer period is required for each of the Framework Agreements and confirm that it is normal business practice for contracts of this type to be of such duration. In addition, CIMB has also advised the Independent Board Committee and the independent shareholders of the Company on the fairness and reasonableness of the terms of the continuing connected transactions under each of the Framework Agreements and the relevant annual caps. For details of such advice, please refer to the Letter from the Independent Financial Adviser as set out on pages 14 to 21 of this circular.

The purpose of this circular is:

- (i) to provide Shareholders with further details of the continuing connected transactions under the Framework Agreements;
- (ii) to set out the recommendations of the Independent Board Committee to the independent shareholders on the continuing connected transactions under the Framework Agreements; and
- (iii) to set out the recommendations of the Company's independent financial adviser, CIMB, to the Independent Board Committee and the independent shareholders, on the continuing connected transactions under the Framework Agreements.

II. FRAMEWORK AGREEMENTS DETAILS

(a) Date

Each of the Framework Agreements was executed between 26 May 2011 and 1 June 2011.

(b) Parties

Purchaser under each of the Framework Agreements (as the case may be)

- (i) Yangquan CR Gas;
- (ii) Datong CR Gas;
- (iii) Hongdong CR Gas;
- (iv) Huozhou CR Gas;

LETTER FROM THE BOARD

(v) Yangqu CR Gas;

Supplier under each of the Framework Agreements

(i) Shanxi Gas.

(c) Transaction Nature

Pursuant to each of the Framework Agreements, Yangquan CR Gas, Datong CR Gas, Hongdong CR Gas, Huozhou CR Gas and Yangqu CR Gas, each a non-wholly owned subsidiary of the Company, will respectively commit to purchase and Shanxi Gas will respectively commit to supply an annual minimum volume of natural gas during the term of the agreement, which is five years commencing from 1 January 2011. Each of Yangquan CR Gas, Datong CR Gas, Hongdong CR Gas, Huozhou CR Gas and Yangqu CR Gas (as the case may be) and Shanxi Gas is liable to the other for compensation if it fails to purchase or supply natural gas in the annual minimum volume as stipulated in the Framework Agreement to which it is a party, 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 respective Framework Agreement.

Each of Yangquan CR Gas, Datong CR Gas, Hongdong CR Gas, Huozhou CR Gas and Yangqu CR Gas may, under the respective Framework Agreement, 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 without any obligation) to meet such additional demand at an increase in purchase price subject to the terms and conditions under the respective Framework Agreement. Under the Framework Agreement to which it is a party, each of Yangquan CR Gas, Datong CR Gas, Hongdong CR Gas, Huozhou CR Gas and Yangqu CR Gas has each committed to purchase a minimum volume of natural gas as set out in columns (II) to (VI) of Table A below for years 2011 to 2015 respectively:

Table A

(I)	(II) 2011 Minimum Volume (m ³)	(III) 2012 Minimum Volume (m ³)	(IV) 2013 Minimum Volume (m ³)	(V) 2014 Minimum Volume (m ³)	(VI) 2015 Minimum Volume (m ³)
Yangquan CR Gas	140,000,000	170,000,000	200,000,000	230,000,000	250,000,000
Datong CR Gas	159,500,000	167,900,000	181,000,000	295,400,000	347,000,000
Hongdong CR Gas	13,990,000	30,000,000	50,000,000	75,000,000	100,000,000
Huozhou CR Gas	12,130,000	20,730,000	29,450,000	33,030,000	33,490,000
Yangqu CR Gas	6,125,000	40,000,000	80,000,000	120,000,000	150,000,000

LETTER FROM THE BOARD

(d) Prices

The prices for the purchase and supply of natural gas under each of the Framework Agreements will be based on market price, subject to adjustment according to the prices prescribed by the PRC government, including the provincial price bureau. Based on the current market prices of natural gas in the relevant cities and counties, each of Yangquan CR Gas, Datong CR Gas, Hongdong CR Gas, Huozhou CR Gas and Yangqu CR Gas respectively agrees, under the Framework Agreement to which it is a party, to purchase and Shanxi Gas agrees to sell and supply natural gas to each companies respectively at the following prices for non-industrial purposes and industrial purposes, calculated by reference to price per m³, as set out in columns (II) and (III) of the Table B below:

Table B

(I)	(II) Price per m ³ For Non-industrial purposes (RMB)	(III) Price per m ³ For industrial purposes (RMB)
Yangquan CR Gas	1.67 (equivalent to approximately HK\$2.02)	2.25 (equivalent to approximately HK\$2.73)
Datong CR Gas	1.68 (equivalent to approximately HK\$2.04)	2.26 (equivalent to approximately HK\$2.74)
Hongdong CR Gas	1.72 (equivalent to approximately HK\$2.08)	2.27 (equivalent to approximately HK\$ 2.75)
Huozhou CR Gas	1.72 (equivalent to approximately HK\$2.08)	2.27 (equivalent to approximately HK\$2.75)
Yangqu CR Gas	1.68 (equivalent to approximately HK\$2.04)	2.26 (equivalent to approximately HK\$2.74)

(e) Term

Each of the Framework Agreements shall be valid for a period from 1 January 2011 to 31 December 2015.

(f) Payment

Under the respective Framework Agreement, each of Yangquan CR Gas, Datong CR Gas, Hongdong CR Gas, Huozhou CR Gas and Yangqu CR Gas has to settle the natural gas fee monthly in cash 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.

LETTER FROM THE BOARD

III. CONSIDERATION PURSUANT TO THE FRAMEWORK AGREEMENTS

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

The Directors expect that the aggregate annual maximum consideration of purchases of natural gas by Yangquan CR Gas, Datong CR Gas, Hongdong CR Gas, Huozhou CR Gas and Yangqu CR Gas in aggregate from Shanxi Gas pursuant to all the Framework Agreements will not exceed the following:

Table C

Year/Period	Annual Cap (RMB)	Annual Cap (approximate HK\$ equivalent)
1 January 2011 – 31 December 2011	748,604,900	907,309,139
For the year ending 31 December 2012	967,511,100	1,172,623,453
For the year ending 31 December 2013	1,220,211,500	1,478,896,338
For the year ending 31 December 2014	1,701,532,100	2,062,256,905
For the year ending 31 December 2015	1,988,742,300	2,410,355,668

The estimates of the annual caps as shown in Table C above are the aggregate of the maximum consideration of purchases under each of the Framework Agreements, each of such maximum consideration under each Framework Agreement is based on the current market prices for industrial purposes as agreed between the parties under the respective Framework Agreement as set out in column (III) of Table B above and multiplying by the estimated volume of natural gas to be purchased during each relevant period as agreed under the respective Framework Agreement as set out in columns (II) to (VI) in the following Table D:

Table D

(I)	(II) 2011 Estimated Volume (m ³)	(III) 2012 Estimated Volume (m ³)	(IV) 2013 Estimated Volume (m ³)	(V) 2014 Estimated Volume (m ³)	(VI) 2015 Estimated Volume (m ³)
Yangquan CR Gas	140,000,000	170,000,000	200,000,000	230,000,000	250,000,000
Datong CR Gas	159,500,000	167,900,000	181,000,000	295,400,000	347,000,000
Hongdong CR Gas	13,990,000	30,000,000	50,000,000	75,000,000	100,000,000
Huozhou CR Gas	12,130,000	20,730,000	29,450,000	33,030,000	33,490,000
Yangqu CR Gas	6,125,000	40,000,000	80,000,000	120,000,000	150,000,000

LETTER FROM THE BOARD

Such annual caps are arrived at after taking into account the past consumption of natural gas (with details provided below), the existing scale and operations of each of the relevant members of the Group involved in these transactions, 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 economic growth and anticipated increase in the population of the relevant areas in Yangquan city, Datong city, Hongdong county, Huozhou city and Yangqu county, all of which are located in Shanxi Province, PRC.

The aggregate transaction amounts for the purchase of natural gas from Shanxi Gas by each of the relevant members of the Group involved for each of the years ended 31 December 2009 and 31 December 2010 are summarised in Table E below:

Table E

	Aggregate transaction amount for purchase of natural gas from Shanxi Gas for the year 2009		Aggregate transaction amount for purchase of natural gas from Shanxi Gas for the year 2010	
	<i>(RMB)</i>	<i>(approximate HK\$ equivalent)</i>	<i>(RMB)</i>	<i>(approximate HK\$ equivalent)</i>
Yangquan CR Gas	23,696,000	28,719,552	170,680,000	206,864,160
Datong CR Gas	34,393,000	41,684,316	161,300,000	195,495,600
Hongdong CR Gas	1,290,000	1,563,480	11,900,000	14,422,800
Huozhou CR Gas	431,000	522,372	1,147,000	1,390,164
Yangqu CR Gas*	—	—	—	—
Total	59,810,000	72,489,720	345,027,000	418,172,724

* Yangqu CR Gas was a recently established company, and it had no transactions with Shanxi Gas in the years 2009 and 2010.

IV. 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 Framework Agreements, it will help Yangquan CR Gas, Datong CR Gas, Hongdong CR Gas, Huozhou CR Gas and Yangqu 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, Huozhou city and Yangqu county. Each of the Framework Agreements is for a term exceeding three years. The Company believes that this is normal in accordance with the business practice in the PRC and would provide further stability in the supply of natural gas from Shanxi Gas for the Group's continuous operations in the relevant cities and counties. Additional reference is made to similar natural gas supply or purchase contracts entered into by other companies listed on the Stock Exchange, such as CNOOC Limited, China BlueChemical Ltd and China Oil and Gas

LETTER FROM THE BOARD

Group Limited. Our independent financial adviser had reported such contract terms could range from 5 to 25 years. Please refer to the Letter from the Independent Financial Adviser from pages 14 to 21 of this circular for details.

V. INFORMATION ON THE GROUP

Information on the Group

The Company is an investment holding company. It and its subsidiaries (including but not limited to Yangquan CR Gas, Datong CR Gas, Hongdong CR Gas, Huozhou CR Gas and Yangqu CR Gas) are principally engaged in downstream city gas distribution in the PRC.

VI. INFORMATION ON THE COUNTER PARTY

Information on Shanxi Gas

Shanxi Gas is a limited liability company established in the PRC interested and is interested in 10%, 25% and 30% of the registered capital of Hongdong CR Gas, Yangquan CR Gas and Huozhou CR Gas respectively. Shanxi Gas has no connected relationship with either Yangqu CR Gas or Datong CR Gas. Shanxi Gas is principally engaged in energy development, manufacturing and supply of natural gas in the PRC, and 51% of its registered capital is ultimately beneficially owned by Shanxi Energy. Shanxi Gas has no relationship with any substantial shareholders (including China Resources Holdings), directors or chief executive officers of the Group.

Information on Shanxi Energy

Shanxi Energy is a state owned enterprise established in the PRC and is interested in 25% and 51% of the registered capital of Datong CR Gas and Shanxi Gas respectively. Shanxi Energy is principally engaged in energy development, manufacturing and supply of natural gas in the PRC. Save for its relationship with Shanxi Gas as disclosed herein, Shanxi Energy has no relationship with any substantial shareholders (including China Resources Holdings), directors or chief executive officers of the Group.

VII. LISTING RULES IMPLICATIONS

As explained in the section headed “VI. Information on the Counter Party”, each of Shanxi Gas and Shanxi Energy is a connected person of the Company.

As the transactions involve the purchase of natural gas by the Group from Shanxi Gas, the transactions contemplated under the five Framework Agreements will have to be aggregated pursuant to Rule 14A.25. 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 aggregate maximum consideration payable by the Group under all the five Framework Agreements will exceed 5%, each of the five Framework Agreements and transactions contemplated therein are subject to reporting, announcement and independent shareholders’ approval requirements under Rules 14A.45 to 14A.48 of the Listing Rules.

LETTER FROM THE BOARD

No Shareholder is required to abstain from voting if the Company were to convene a special general meeting for the approval of the Framework Agreements and transactions contemplated therein, and the Company has obtained a written approval from Splendid Time, which holds 1,246,654,206 Shares, representing approximately 68.08% of the entire issued share capital of the Company as at the Latest Practicable Date, in respect of entering into each of the Framework Agreements and the transactions contemplated therein.

The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the Listing Rules to hold a general meeting for the independent shareholders' approval for the Framework Agreements pursuant to Rule 14A.43 of the Listing Rules. Hence, the Framework Agreements and the transactions contemplated therein have been approved by the written approval of Splendid Time in lieu of holding a general meeting of the Company.

Save as stated above and as disclosed in the Company's announcement dated 19 October 2009, the Group had no prior transaction with Shanxi Gas and its ultimate beneficial owners that require aggregation under Rule 14A.25 of the Listing Rules. It should be noted that as announced on 7 June 2011, the term of the Hongdong Contract and Huozhou Contract (as respectively defined therein) will only expire by 31 December 2011; however, the Group has renewed and varied the respective terms of the said agreements as set out in this circular commencing from the date of the respective Framework Agreements to which Hongdong CR Gas or Huozhou CR Gas is a party (as the case may be).

VIII. RECOMMENDATION

The Directors, including independent non-executive Directors, consider that the continuing connected transactions under each of the Framework Agreements and the relevant 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. None of the Directors has a material interest in any of the Framework Agreements and the transactions contemplated thereunder, and none of them had abstained from voting on the relevant board resolutions in this respect.

Your attention is drawn to the recommendation of the Independent Board Committee as set out on pages 12 to 13 of this circular; and the letter from CIMB as set out on pages 14 to 21 containing its advice and recommendation to the Independent Board Committee and independent Shareholders regarding the continuing connected transactions.

IX. ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the Appendix to this circular.

Yours faithfully,
For and on behalf of
China Resources Gas Group Limited
Ma Guoan
Chairman



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

(Incorporated in Bermuda with limited liability)

(Stock Code: 1193)

Independent Board Committee:

Mr. Wong Tak Shing

Mr. Luk Chi Cheong

Ms. Yu Jian

8 July 2011

To the independent shareholders of the Company

Dear Sir and Madam,

CONTINUING CONNECTED TRANSACTION

We refer to the circular (the “Circular”) dated 8 July 2011 issued by the Company to its Shareholders of which this letter forms part. Terms defined in the Circular shall have the same meanings when used in this letter, unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider and advise the Independent Shareholders as to whether, in our opinion, the continuing connected transactions under the Framework Agreements, details of which are described in the letter from the Board as set out in the Circular, are fair and reasonable and in the interest of the Company and its shareholders as a whole.

We also draw your attention to the advice of CIMB, the independent financial adviser appointed in respect of the continuing connected transactions under the Framework Agreements as set out on pages 14 to 21 of the Circular.

As your Independent Board Committee, we have discussed with the management of the Company the reasons for entering into the continuing connected transactions under the Framework Agreements including the relevant annual caps as described in the letter from the Board as set out in the Circular. We have also considered the key factors taken into account by CIMB in arriving at its opinion regarding the continuing connected transactions under the Framework Agreements as set out in the letter from CIMB as set out in the Circular, which we urge you to read carefully.

LETTER FROM INDEPENDENT BOARD COMMITTEE

Having taken into account, amongst other things, the advice of CIMB, the independent financial adviser to the Company, we consider that the continuing connected transactions contemplated under the terms of the Framework Agreements (including the relevant annual caps) are in the ordinary course of business of the Group, on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole. In this regard, we understand that the continuing connected transactions arising from the Framework Agreements have been approved by the written approval of Splendid Time Investments Inc., being the controlling shareholder holding approximately 68.08% of the issued share capital of the Company, in lieu of holding a general meeting of the Company. Nonetheless, if a special general meeting were to be convened, we recommend the independent shareholders of the Company to vote in favour of the resolutions to approve the Framework Agreements.

Yours faithfully,
Independent Board Committee

Mr. Wong Tak Shing

Mr. Luk Chi Cheong

Ms. Yu Jian

Independent Non-Executive Directors

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Set out below is the letter of advice from CIMB to the Independent Board Committee and Independent Shareholders prepared for inclusion in this circular.



CIMB

CIMB Securities (HK) Limited

Units 7706-08, Level 77,
International Commerce Centre
1 Austin Road West, Kowloon,
Hong Kong

8 July 2011

*To the Independent Board Committee and
the independent shareholders of China Resources Gas Group Limited*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the independent shareholders of the Company in relation to the continuing connected transactions (the “Continuing Connected Transactions”) contemplated under the Framework Agreements, summary terms of which are contained in the circular to the Shareholders dated 8 July 2011 (the “Circular”), of which this letter forms part. Expressions used in this letter have the same meanings as defined in the Circular unless the context otherwise requires.

An Independent Board Committee comprising Mr. Wong Tak Shing, Mr. Luk Chi Cheong, and Ms. Yu Jian, being all the independent non-executive Directors, has been formed to advise the independent shareholders of the Company in relation to the Continuing Connected Transactions. As no Shareholder is required to abstain from voting if the Company were to convene a SGM for the approval of the Framework Agreements and transactions contemplated therein, and the Company has obtained a written approval from Splendid Time, which holds 1,246,654,206 Shares, representing approximately 68.08% of the entire issued share capital of the Company as at the Latest Practicable Date, in respect of the entering into of the Framework Agreements and the transactions contemplated therein, the Stock Exchange has granted a waiver pursuant to Rule 14A.43 of the Listing Rules, and no Shareholders’ meeting of the Company will be required to be convened for the Framework Agreements.

In formulating our recommendation, we have relied on the information and facts contained or referred to in the Circular as well as the representations made or provided by the Directors and senior management of the Company. The directors of the Company have declared in a responsibility statement set out in the Appendix to the Circular that they collectively and individually accept full responsibility for the accuracy of the information contained and

LETTER FROM INDEPENDENT FINANCIAL ADVISER

representations made in the Circular. We have also assumed that the information and the representations made by the Directors as contained or referred to in the Circular were true and accurate at the time they were made and continue to be so at the date of the despatch of the Circular. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and senior management of the Company. We have also been advised by the Directors and believe that no material facts have been omitted from the Circular.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Company, the counter-parties or any of their respective subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

Background and rationale

The Group is principally engaged in downstream city gas distribution in the PRC. As disclosed in the Company's announcement dated 19 October 2009, certain members of the Group had entered into continuing connected transactions for the purchase and supply of natural gas with Shanxi Gas ("Existing Framework Agreements"). Shanxi Gas is principally engaged in energy development, manufacturing and supply of natural gas in the PRC. Further to our discussion with the management of the Company, Shanxi Gas is the only natural gas provider in the Shanxi Province.

As certain Existing Framework Agreements had expired on 31 December 2010 or will expire on 31 December 2011 and in order to standardise the periods of the master agreements between the Group and its connected persons to the extent practicable; and to accommodate businesses between a new member of the Group (being Yangqu CR Gas which was acquired by the Group in December 2009) and Shanxi Gas, respective Framework Agreements were entered into between the Company and Shanxi Gas from 26 May 2011 to 1 June 2011 to replace the Existing Framework Agreements commencing from 1 January 2011.

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 Framework Agreements, it will help Yangquan CR Gas, Datong CR Gas, Hongdong CR Gas, Huozhou CR Gas and Yangqu 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, Huozhou city and Yangqu county.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Having considered the principal businesses of the Group and the nature of the transactions contemplated under the Framework Agreements, we concur with the view of the Directors that the entering into of the Framework Agreements falls within the ordinary and usual course of business of the Group and that by entering into the Framework Agreements, the Group will benefit in a steady and reliable supply of natural gas for its business and natural gas distribution in Yangquan city, Datong city, Hongdong county, Huozhou city and Yangqu county, together with the fact that transactions contemplated under the Framework Agreements will be conducted on normal commercial terms, we consider that the Continuing Connected Transactions as contemplated under the Framework Agreements are in the interests of the Company and the Shareholders as a whole.

Basis of determination

The principal terms of the Framework Agreements are summarized as follows:

Term	Yangquan CR Gas	Datong CR Gas	Hongdong CR Gas	Huozhou CR Gas	Yangqu CR Gas
	1 January 2011 to 31 December 2015				

Pricing (Subject to adjustment according to the prices prescribed by the PRC government, including the provincial price bureau):

Price per m ³ for non-industrial purposes (RMB)	1.67	1.68	1.72	1.72	1.68
Price per m ³ for industrial purposes (RMB)	2.25	2.26	2.27	2.27	2.26

Committed minimum purchase volume (m³):

For the year ending 31 December					
2011	140,000,000	159,500,000	13,990,000	12,130,000	6,125,000
2012	170,000,000	167,900,000	30,000,000	20,730,000	40,000,000
2013	200,000,000	181,000,000	50,000,000	29,450,000	80,000,000
2014	230,000,000	295,400,000	75,000,000	33,030,000	120,000,000
2015	250,000,000	347,000,000	100,000,000	33,490,000	150,000,000
Total	990,000,000	1,150,800,000	268,990,000	128,830,000	396,125,000

Payment term: Monthly in cash 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.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

(i) Pricing

We note that the proposed price per m³ at which natural gas is to be sold and purchased pursuant to respective Framework Agreements is determined on an arm's length basis based on the price prescribed by the PRC government, including the provincial price bureau. We have reviewed the notice issued by the Shanxi Province Price Bureau to Shanxi Gas on the prescribed selling price of the natural gas and noted that the prices under the Framework Agreements are consistent with the prices prescribed by the Shanxi Province Price Bureau.

Each of Yangquan CR Gas, Datong CR Gas, Hongdong CR Gas, Huozhou CR Gas and Yangqu CR Gas may, under the respective Framework Agreement, 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 without any obliged) to meet such additional demand at an increase in purchase price subject to the terms and conditions under the respective Framework Agreement. We have reviewed natural gas supply contracts entered into by the Group with other independent natural gas providers in other provinces and noted that committed minimum purchase volume is a commercial term common in a natural gas supply contract and any demand beyond such committed minimum purchase volume can be subject to price re-negotiation. As such, we consider that the provision to increase the purchase price in the circumstance that the Group demand beyond the annual minimum volume of natural gas in the Framework Agreements with Shanxi Gas is a normal commercial term in natural gas supply contracts.

(ii) Committed minimum purchase volume

As per discussed with the management of the Company, the committed minimum purchase volume in the Framework Agreements is determined after taking into account past consumption of natural gas, the existing scale and operations of each of the relevant members of the Group involved in these transactions, 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 economic growth and anticipated increase in the population of the relevant areas in Yangquan city, Datong city, Hongdong county, Huozhou city and Yangqu county, all of which are located in Shanxi Province, PRC.

We note that the relatively large increase in committed minimum purchase volume for Hongdong CR Gas, Huozhou CR Gas and Yangqu CR Gas over the years was primary due to the fact that Hongdong CR Gas and Huozhou CR Gas just commenced operation in 2009, and Yangqu CR Gas was just acquired by the Group in December 2009 and commenced operation in 2010. As a result, the Company expected that the demand for natural gas is expected to substantially increase after the initial start up period. The increase in committed minimum purchase volume for Datong CR Gas, Yangquan CR Gas, Hongdong CR Gas and Huozhou CR Gas is also attributable to the increase in 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 Yangquan city, Datong city, Hongdong county and Huozhou city.

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As advised by the management of the Company, it is a common market practice for a natural gas supply contract to be subject to a committed minimum purchase and supply volume as it would be beneficial for both parties to have a stable supply and demand of natural gas during the contract period. As Shanxi Gas is the only natural gas provider in the Shanxi Province, the Company considered that the committed minimum purchase volume can ensure a steady and reliable supply of natural gas to Yangquan CR Gas, Datong CR Gas, Hongdong CR Gas, Huozhou CR Gas and Yangqu CR Gas and therefore is beneficial to the Group. We have also reviewed natural gas supply contracts entered into by the Group with other independent natural gas providers in other provinces and noted that committed minimum purchase and supply volume is a normal commercial term in a natural gas supply contract.

We further noted from the Framework Agreements that if Yangquan CR Gas, Datong CR Gas, Hongdong CR Gas, Huozhou CR Gas and Yangqu CR Gas fails to meet their yearly minimum purchase obligation, it is obliged to pay for the shortfall. We have discussed with the management of the Company and are given to understand that such shortfall, if paid, between the actual natural gas consumption and the committed minimum purchase volume during a year can be utilized in the following years during the term of the Framework Agreements.

(iii) Term of the Framework Agreements

The Framework Agreements have been entered into for a term from 1 January 2011 to 31 December 2015, which is more than three years. The Directors consider that the long duration of the Framework Agreements are in the interests of the Company and the Shareholders as a whole, as Shanxi Gas is the only natural gas provider in the Shanxi Province, and a longer term is beneficial to the Group to ensure a steady and reliable supply of natural gas for its business and natural gas distribution in Yangquan city, Datong city, Hongdong county, Huozhou city and Yangqu county.

Pursuant to Rule 14A.35(1) of the Listing Rules, the duration of the Framework Agreements must not exceed three years. In arriving at our opinion in relation to the duration of the Framework Agreements, we have discussed with the management of the Company the rationale for the duration of the Framework Agreements and concur with the Directors that a longer term would enable the Group to ensure a steady and reliable supply of natural gas for its business and natural gas distribution in various areas. To assess whether or not it is a normal business practice for contracts of this type to be of a duration longer than three years, we have made references to, so far as we are aware of, the contract terms of similar natural gas supply or purchase contracts entered into by companies (the “Comparables”) listed on the Stock

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Exchange. The table below sets out the term and nature of transactions of the relevant agreements of the Comparables:

Name of Comparables	Nature of transactions	Term of contracts
CNOOC Limited ("CNOOC")	Pursuant to the comprehensive framework agreements dated 8 December 2005, CNOOC and its connected parties agreed the mutual supply of a range of products and services, including long term sales of natural gas to the connected parties	5 to 20 years
China BlueChemical Ltd. ("BlueChemical")	Pursuant to long-term agreements dated 28 July 2003, 10 March 2005 and 1 September 2006, the connected parties have committed to supply natural gas to BlueChemical or its subsidiaries/associates	20 years
China Oil and Gas Group Limited ("COGG")	Pursuant to the long-term agreements entered into between certain subsidiaries of COGG and the connected parties since 2001, the connected parties have agreed to supply natural gas to various subsidiaries of COGG	14 to 25 years

From the above table, we noted that the contract terms of such comparable contracts of similar nature of transactions can be ranged from 5 to 25 years. As such, we consider that the term of the Framework Agreements is comparable to the contract periods of transactions with similar nature. In addition, we have further discussed with the management of the Company as regards the duration of the Framework Agreements and considering:

- (i) Shanxi Gas is the only natural gas provider in the Shanxi Province;
- (ii) the long duration of similar arrangements noted in the Comparables; and
- (iii) the long term benefits of the Framework Agreements to be conferred the Group whereby they can continue to secure steady and reliable supply of natural gas for its business and natural gas distribution in various areas throughout the term of the Framework Agreements;

and in particular the fact that we noted from the Comparables that certain contract of this type is with a term of 5 years, we are of the opinion that the duration for 5 years (which is more than three years) is a normal business practice for agreements of this nature, and it is in the interests of the Company and the Shareholders as a whole to enter into the Framework Agreements a duration of more than three years.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Views

Having taking into account the above as a whole, we consider that the terms of the Continuing Connected Transactions as aforesaid are on normal commercial term, and are fair and reasonable so far as the Company and the independent shareholders of the Company are concerned.

The annual caps

The Directors expect that the aggregate annual maximum consideration of purchases of natural gas by Yangquan CR Gas, Datong CR Gas, Hongdong CR Gas, Huozhou CR Gas and Yangqu CR Gas in aggregate from Shanxi Gas pursuant to all the Framework Agreements will not exceed the following:

	For the year ending 31 December				
	2011	2012	2013	2014	2015
Aggregate Annual Cap (RMB)	748,604,900	967,511,100	1,220,211,500	1,701,532,100	1,988,742,300
	(approximately HK\$907,309,139)	(approximately HK\$1,172,623,453)	(approximately HK\$1,478,896,338)	(approximately HK\$2,062,256,905)	(approximately HK\$2,410,355,668)

The estimates of purchases under each Framework Agreements are summarised as follows:

	Yangquan CR Gas (RMB)	Datong CR Gas (RMB)	Hongdong CR Gas (RMB)	Huozhou CR Gas (RMB)	Yangqu CR Gas (RMB)	Aggregate annual cap (RMB)
For the year ending 31 December						
2011	315,000,000	360,470,000	31,757,300	27,535,100	13,842,500	748,604,900
2012	382,500,000	379,454,000	68,100,000	47,057,100	90,400,000	967,511,100
2013	450,000,000	409,060,000	113,500,000	66,851,500	180,800,000	1,220,211,500
2014	517,500,000	667,604,000	170,250,000	74,978,100	271,200,000	1,701,532,100
2015	562,500,000	784,220,000	227,000,000	76,022,300	339,000,000	1,988,742,300

We note that the annual caps have been determined by the Directors primary based on the committed minimum purchase volume, times the current market prices for industrial purposes as agreed between the parties under the respective Framework Agreement, in which the committed minimum purchase volume is determined after taking into account past consumption of natural gas, the existing scale and operations of each of the relevant members of the Group involved in these transactions, 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 economic growth and anticipated increase in the population of the relevant areas in Yangquan city, Datong city, Hongdong county, Huozhou city and Yangqu county.

The continued economic growth and the rapid industrialisation and urbanisation in China have spiked the demand for energy in China. Natural gas is considered a cleaner but relatively new conventional energy source compared to coal and crude oil. The PRC government has been supportive of the development of natural gas. The percentage of energy consumption from

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS

As at the Latest Practicable Date, the interests and the short positions (within the meaning of the SFO) of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or were required pursuant to section 352 of the SFO to be entered in the register referred to therein, or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

i. Interest in the Shares and underlying Shares of the Company

Name	Capacity	Long or short position	Number of Shares	Number of share options	Approximate percentage of interest ¹
Mr. Wang Chuandong	Beneficial owner	Long position	100,000	–	0.0055%
Mr. Ong Thiam Kin	Beneficial owner	Long position	100,000	–	0.0055%
Mr. Du Wenmin	Beneficial owner	Long position	54,000	–	0.0029%
Mr. Wong Tak Shing	Beneficial owner	Long position	80,000	–	0.0044%

Note:

- This represents the percentage of aggregate long position in ordinary shares and underlying shares of the Company to the total issued share capital of the Company as at the Latest Practicable Date.

ii. Interest in the issued ordinary shares and underlying shares of China Resources Enterprise, Limited (“CRE”), an associated corporation of the Company

Name	Capacity	Long or short position	Number of shares	Number of share options ¹	Exercise price per share HK\$	Date of grant	Aggregate percentage of interest ²
Mr. Wang Chuandong	Beneficial owner	Long position	300,000	300,000 ³	10.350	04/10/2004	0.0250%
Mr. Du Wenmin	Beneficial owner	Long position	100,000	–	–	–	0.0042%

Notes:

1. This refers to the number of underlying shares of CRE covered by its share option schemes.
2. This represents the percentage of aggregate long position in ordinary shares and underlying shares of CRE to the total issued share capital of CRE as at the Latest Practicable Date.
3. The exercisable period during which the share options may be exercised is from 4 October 2004 to 3 October 2014.

iii. Interest in the issued ordinary shares and underlying shares of China Resources Power Holdings Company Limited (“CRP”), an associated corporation of the Company

Name	Capacity	Long or short position	Number of shares	Number of share options ¹	Exercise price per share HK\$	Date of grant	Aggregate percentage of interest ²
Mr. Ma Guoan	Interest of spouse	Long position	22,000	–	–	–	0.0005%
Mr. Wang Chuandong	Beneficial owner	Long position	–	101,800 ³	2.750	06/10/2003	0.0022%
Mr. Du Wenmin	Beneficial owner	Long position	297,000	183,240 ⁴	2.750	12/11/2003	0.0102%

Notes:

1. This refers to the number of underlying shares of CRP covered by its share option scheme.
2. This represents the percentage of aggregate long position in ordinary shares and underlying shares of CRP to the total issued share capital of CRP as at the Latest Practicable Date.
3. The share options are exercisable in 5 tranches, from 6 October, 2004, 2005, 2006, 2007 and 2008 to 5 October 2013.
4. The share options are exercisable in 2 tranches, from 6 October, 2007 and 2008 to 5 October 2013.

iv. Interest in the issued ordinary shares and underlying shares of China Resources Land Limited (“CRL”), an associated corporation of the Company

Name	Capacity	Long or short position	Number of shares	Number of share options ¹	Exercise price per share HK\$	Date of grant	Aggregate percentage of interest ²
Mr. Du Wenmin	Beneficial owner	Long position	790,000	250,000 ³	1.230	01/06/2005	0.0193%

Notes:

1. This refers to the number of underlying shares of CRL covered by its equity incentive plan or share option scheme.
2. This represents the percentage of aggregate long position in ordinary shares and underlying shares of CRL to the total issued share capital of CRL as at the Latest Practicable Date.
3. The share options are exercisable in 2 tranches, from 1 June, 2008 and 2009 to 31 May 2015.

v. Interest in the issued ordinary shares and underlying shares of China Resources Microelectronics Limited (“CRM”), an associated corporation of the Company

Name	Capacity	Long or short position	Number of shares	Number of share options	Exercise price per share HK\$	Date of grant	Aggregate percentage of interest ¹
Mr. Du Wenmin	Beneficial owner	Long position	1,458,000	–	–	–	0.0166%
Mr. Luk Chi Cheong	Beneficial owner	Long position	1,165,912	–	–	–	0.0133%

Note:

1. This represents the percentage of aggregate long position in ordinary shares and underlying shares of CRM to the total issued share capital of CRM as at the Latest Practicable Date.

vi. Interest in the issued ordinary shares and underlying shares of China Resources Cement Holdings Limited (“CR Cement”), an associated corporation of the Company

Name	Capacity	Long or short position	Number of shares	Number of share options	Exercise price per share HK\$	Date of grant	Aggregate percentage of interest ¹
Mr. Ma Guoan	Interest of spouse	Long position	20,000	–	–	–	0.0003%

Note:

1. This represents the percentage of aggregate long position in ordinary shares of CR Cement to the total issued share capital of CR Cement as at the Latest Practicable Date.

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or were required pursuant to section 352 of the SFO to be entered in the register referred to therein, or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

3. SUBSTANTIAL SHAREHOLDERS

So far as was known to any Director or chief executive of the Company, as at the Latest Practicable Date, the following persons, other than a Director or chief executive of the Company, had an interest or short position in the Shares or underlying Shares which fell to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of shareholder	Capacity	Nature of interest	Number of Shares	Percentage of the aggregate long position in Shares to the issued share capital of the Company as at the Latest Practicable Date
Splendid Time ¹	Beneficial owner	Beneficial interest	1,246,654,206	68.08%
China Resources Holdings ¹	Controlled company's interest	Corporate interest	1,246,656,206	68.08%
CRC Bluesky Limited ("CRC Bluesky") ¹	Controlled company's interest	Corporate interest	1,246,656,206	68.08%
China Resources Co., Limited ("CRCL") ¹	Controlled company's interest	Corporate interest	1,246,656,206	68.08%
China Resources National Corp. ("CRN")	Controlled company's interest	Corporate interest	1,246,656,206	68.08%

Note:

1. Each of Splendid Time and Commotra Company Limited directly holds 1,246,654,206 Shares and 2,000 Shares in the Company respectively and each of them is a wholly-owned subsidiary of China Resources Holdings, which is therefore deemed to be interested in 1,246,656,206 Shares of the Company under Part XV of the SFO. China Resources Holdings is a wholly-owned subsidiary of CRC Bluesky. CRC Bluesky is a wholly-owned subsidiary of CRCL which in turn is a wholly-owned subsidiary of CRN. CRC Bluesky, CRCL and CRN are all therefore deemed to be interested in 1,246,656,206 Shares of the Company under Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than a Director or chief executive of the Company) who has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in ten per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Group (including any options in respect of such capital), or who were recorded in the register required to be kept by the Company under section 336 of the SFO.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered or proposed to enter into a service contract with any member of the Group which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTERESTS IN CONTRACTS

As at the Latest Practicable Date, none of the Directors has any interest, direct or indirect, in any asset which since 31 December 2010, the date to which the latest published audited financial statements of the Group were made up, have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which is significant in relation to the businesses of the Group.

6. QUALIFICATION AND CONSENT OF EXPERT

CIMB, the independent financial adviser, is a corporation licensed to carry on types 1 (dealing in securities), 4 (advising on securities) and 6 (advising on corporate finance) regulated activities under the SFO.

CIMB has given and has not withdrawn its written consent to the issue of this circular with copies of its letter, reports and opinion in this circular and the references to its name included in the form and context in which they respectively appear.

As at the Latest Practicable Date, CIMB was not interested in any Share or share in any member of the Group, nor does it have any right (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any Share or share in any member of the Group.

As at the Latest Practicable Date, CIMB did not have any direct or indirect interests in any assets which have since 31 December 2010 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2010, being the date to which the latest published audited financial statements of the Group have been made up.

8. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors and their respective Associates was considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group other than those businesses to which the Directors and his Associates were appointed to represent the interests of the Company and/or the Group.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on any weekday (public holidays excepted) at the head office of the Company at Room 1901-05, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong from the date of this circular up to 14 days thereafter, i.e. 22 July 2011:

- a. each of the five Framework Agreements;
- b. the letter from the Independent Board Committee as set out in this circular;
- c. the Letter from CIMB to the Independent Board Committee and the independent shareholders as set out in this circular;
- d. the written consent referred to in the section headed “Qualification and Consent of Expert” in this appendix; and
- e. this circular.