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

If you have sold or transferred all your shares in China Resources Gas Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale 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)

**PROPOSED SHARE PREMIUM REDUCTION
AND
NOTICE OF SPECIAL GENERAL MEETING**

The notice convening a special general meeting of China Resources Gas Group Limited to be held at Room 1901-05, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on Monday, 30 May 2011 at 3:45 p.m. is set out on pages 7 to 8 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the special general meeting.

5 May 2011

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DEFINITIONS

For the purpose of this circular, the following expressions have the following meanings unless the context requires otherwise:

“Annual General Meeting”	the annual general meeting of the Company to be held on 30 May 2011
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company
“Companies Act”	the Companies Act 1981 of Bermuda (as amended from time to time)
“Company”	China Resources Gas Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Contributed Surplus Account”	the contributed surplus account of the Company
“Directors”	the directors of the Company
“Effective Date”	the date on which the Share Premium Reduction shall become effective, being the date of the Special General Meeting at which a special resolution approving the Share Premium Reduction will be considered and, if appropriate, passed by the Shareholders
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share Premium Account”	the share premium account of the Company
“Share Premium Reduction”	the proposed reduction of the amount of HK\$7,388,599,744.90 standing to the credit of the Share Premium Account to be approved by Shareholders at the Special General Meeting
“Shareholders”	shareholders of the Company

DEFINITIONS

“Special General Meeting”	a special general meeting of the Company to be held at Room 1901-05, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on Monday, 30 May 2011 at 3:45 p.m., notice of which is set out on pages 7 to 8 of this circular
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“\$”	Hong Kong dollar

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)

Directors:

Executive Directors:

MA Guoan (*Chairman*)

WANG Chuandong (*Managing Director*)

ONG Thiam Kin

(Chief Financial Officer and Company Secretary)

Non-executive Directors:

DU Wenmin

WEI Bin

Independent Non-executive Directors:

WONG Tak Shing

LUK Chi Cheong

YU Jian

Registered Office:

Canon's Court

22 Victoria Street

Hamilton HM 12

Bermuda

Principal Place of Business:

Room 1901-05

China Resources Building

26 Harbour Road

Wanchai

Hong Kong

5 May 2011

To the Shareholders

Dear Sir or Madam,

**PROPOSED SHARE PREMIUM REDUCTION
AND
NOTICE OF SPECIAL GENERAL MEETING**

1. INTRODUCTION

The Board announced on 20 April 2011 that it intends to put forward to the Shareholders to reduce an amount of HK\$7,388,599,744.90 standing to the credit of the Share Premium Account from HK\$8,388,599,744.90 to HK\$1,000,000,000.00 and transfer the credit arising from the Share Premium Reduction to the Contributed Surplus Account.

The purpose of this circular is to provide you with further information on the Share Premium Reduction and notice of Special General Meeting.

LETTER FROM THE BOARD

2. PROPOSED SHARE PREMIUM REDUCTION

Share Premium Reduction

The Board proposes to reduce an amount of HK\$7,388,599,744.90 standing to the credit of the Share Premium Account from HK\$8,388,599,744.90 to HK\$1,000,000,000.00. The audited amount standing to the credit of the Share Premium Account as at 31 December 2010 was HK\$8,388,599,744.90. Subject to the conditions set out in the paragraph headed “Conditions” below, it is proposed that:

- (a) the amount of HK\$7,388,599,744.90 standing to the credit of the Share Premium Account be reduced pursuant to Section 46 of the Companies Act and Bye-law 66(B) of the Bye-laws of the Company; and
- (b) the credit arising from the Share Premium Reduction be transferred to the Contributed Surplus Account.

Reasons for the Share Premium Reduction

Under the Companies Act, amounts standing to the credit of the share premium account are not available for distribution to shareholders. Pursuant to the Companies Act, under certain circumstances a Bermuda company may pay dividends or distributions to its members out of contributed surplus. The Share Premium Reduction and the subsequent transfer of the credit arising therefrom to the Contributed Surplus Account will therefore increase the distributable reserves of the Company thereby giving the Company greater flexibility in relation to its dividend policy and distributions in the future. The increased distributable reserve in the Contributed Surplus Account will be used, inter alia, for payment of dividends, including the final dividend of the Company for the year ended 31 December 2010 if it is approved by the Shareholders at the Annual General Meeting and for such other purposes as allowed under the Companies Act. The Board considers that it is in the best interest of the Company and its Shareholders as a whole to implement the Share Premium Reduction.

Effects of the Share Premium Reduction

Save for the expenses to be incurred in relation to the Share Premium Reduction, the Board considers that the implementation of the Share Premium Reduction will not, in itself, have material adverse effect on the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the Shareholders in the underlying assets of the Company. The Board considers that the Share Premium Reduction is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Conditions

The Share Premium Reduction is conditional upon:

- (a) the passing by the Shareholders of a special resolution at the Special General Meeting to approve the Share Premium Reduction;
- (b) the due compliance with section 46(2) of the Companies Act, including the publication of a notice in an appointed newspaper in Bermuda in respect of the Share Premium Reduction; and
- (c) on the Effective Date, there is no reasonable grounds for believing the Company is, or after the Share Premium Reduction would be, unable to pay its liabilities as they become due.

Subject to the fulfillment of the above conditions, it is expected that the Share Premium Reduction will become effective on the date of passing the special resolution to approve the Share Premium Reduction.

3. SPECIAL GENERAL MEETING

Set out in this circular is the notice of the Special General Meeting at which a special resolution will be proposed to approve the Share Premium Reduction.

A form of proxy for use at the Special General Meeting is enclosed. Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's principal place of business at Room 1901-05, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong as soon as possible and, in any event so as to be received not less than 48 hours before the time appointed for the holding of the Special General Meeting. Completion and delivery of the form of proxy will not prevent you from attending and voting at the meeting if you so wish.

4. VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the Special General Meeting must be taken by poll. The chairman of the meeting will therefore demand a poll for the resolution put to the vote of the Special General Meeting pursuant to bye-law 78 of the bye-laws of the Company and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

LETTER FROM THE BOARD

5. RECOMMENDATION

The Directors believe that the Share Premium Reduction is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the special resolution to be proposed at the Special General Meeting.

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

NOTICE OF SPECIAL GENERAL MEETING



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

(Incorporated in Bermuda with limited liability)

(Stock Code: 1193)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Special General Meeting of shareholders of the Company will be held at Room 1901-05, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on Monday, 30 May 2011 at 3:45 p.m. to consider and, if thought fit, approve the following special resolution:

SPECIAL RESOLUTION

1. **“THAT:**

- (i) subject to compliance with section 46(2) of the Companies Act 1981 of Bermuda (as amended) and with effect immediately upon the passing of this resolution (the **“Effective Date”**), the amount of HK\$7,388,599,744.90 standing to the credit of the share premium account of the Company be reduced and the credit arising therefrom be credited to the contributed surplus account of the Company to be utilised by the directors of the Company (the **“Directors”**) in accordance with the bye-laws of the Company and all applicable laws (the **“Share Premium Reduction”**); and
- (ii) the Directors be and are hereby authorised to do all such acts and things (including, without limitation to the generality of the foregoing, the execution of any document, instrument or agreement) as they may, in their absolute discretion, consider necessary, desirable or expedient to implement and/or to give effect to the Share Premium Reduction and the application of the credit which will be released thereby.”

By Order of the Board
ONG Thiam Kin
*Executive Director and
Company Secretary*

Hong Kong, 5 May 2011

NOTICE OF SPECIAL GENERAL MEETING

Principal place of business:

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

Registered Office:

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Notes:

1. Any member entitled to attend and vote at the above meeting may appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
2. In order to be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at the Company's principal place of business not less than 48 hours before the time appointed for holding the meeting. Completion and return of a form of proxy will not preclude you from attending and voting in person if you are subsequently able to be present.
3. As at the date of this notice, the Executive Directors of the Company are Mr. MA Guoan, Mr. WANG Chuandong and Mr. ONG Thiam Kin, the Non-executive Directors of the Company are Mr. DU Wenmin and Mr. WEI Bin and the Independent Non-executive Directors of the Company are Mr. WONG Tak Shing, Mr. LUK Chi Cheong and Ms. YU Jian.