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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)

DISCLOSEABLE TRANSACTION
INVOLVING THE ACQUISITION OF UP TO ADDITIONAL 5%
REGISTERED CAPITAL IN ZIBO CR GAS CHINA

The Board is pleased to announce that on 5 July, 2011, the Company, through its wholly owned subsidiary, Zibo CR Gas Hong Kong has entered into a Corporate Reorganisation Agreement with Zibo Xinneng Trade Union Committee, Zibo Xinneng Group Company and Zibo CR Gas China pursuant to which the Parties have conditionally agreed to undertake a corporate reorganisation in respect of the shareholdings in the registered capital of Zibo CR Gas China.

The Corporate Reorganisation will result in the Company acquiring up to additional 5% of the registered capital in Zibo CR Gas China. As the revenue ratio under rule 14.07 exceeds 5% but less than 25%, the Corporate Reorganisation constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

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THE CORPORATE REORGANISATION AGREEMENT

Date

5 July 2011

Parties

- (1) Zibo Xinneng Trade Union Committee;
- (2) Zibo Xinneng Group Company;
- (3) Zibo CR Gas Hong Kong; and
- (4) Zibo CR Gas China

Corporate Reorganisation

Subject to the terms and conditions of the Corporate Reorganisation Agreement, the Parties have conditionally agreed to undertake the Corporate Reorganisation by way of Share Repurchase or Share Transfers as follows:–

Share Repurchase

Zibo Xinneng Trade Union Committee agrees to sell and Zibo CR Gas China agrees to repurchase the Target Shares, subject to the approval of the local authorities in the PRC, at a Purchase Consideration.

The Share Repurchase by Zibo CR Gas China is subject to the approval of the local authorities of the PRC. Should such approval be obtained, the Target Shares will be cancelled resulting the registered capital of Zibo CR Gas China being reduced by the number of the Target Shares upon completion of the Share Repurchase. The Parties have agreed the remaining shareholders of Zibo CR Gas China after the Share Repurchase shall be Zibo Xinneng Group Company and Zibo CR Gas Hong Kong who respectively holds the resultant registered capital of Zibo CR Gas China as follows:–

Name of shareholder	Registered capital amount (RMB)	Shareholding percentage
Zibo Xinneng Group Company	83,700,000	49.45%
Zibo CR Gas Hong Kong	85,560,000	50.55%
Total	169,260,000	100%

Share Transfers

If the approval of the local authorities of the PRC is not obtained for the Share Repurchase within a reasonable time to be agreed among the Parties, Zibo Xinneng Trade Union Committee shall sell and Zibo Xinneng Group Company and Zibo CR Gas Hong Kong shall respectively purchase the Target Shares together with all rights and title to and interests in the Target Shares at the Purchase Consideration and in the following proportion:–

	Percentage of registered capital of Zibo CR Gas China to be purchased	Purchase Consideration (RMB)
Zibo Xinneng Group Company	4%	18,414,000
Zibo CR Gas Hong Kong	5%	23,017,500
Total	9%	41,431,500

The Share Transfers are subject to the approval of the local authorities in the PRC. Upon completion of the Share Transfers, the remaining shareholders of Zibo CR Gas China shall be as follows:–

Name of shareholder	Registered capital amount (RMB)	Shareholding percentage
Zibo Xinneng Group Company	91,140,000	49%
Zibo CR Gas Hong Kong	94,860,000	51%
Total	186,000,000	100%

Completion

Completion of the Corporate Reorganisation shall take place after obtaining the relevant approval(s) of the local authorities in the PRC.

The Parties have agreed that Zibo CR Gas China shall be responsible to obtain the relevant approval(s) of the local authorities in the PRC and have undertaken to each other to co-operate and take the necessary actions to submit all relevant information and/or documents to the PRC authorities in obtaining the relevant approval(s).

Purchase Consideration and Payment Terms

The Purchase Consideration under the Corporate Reorganisation is determined based on arms length negotiations among the Parties by reference to the net asset value of and the profits generated by Zibo CR Gas China for the latest financial year.

The Purchase Consideration shall be payable by:–

- (1) Zibo CR Gas China pursuant to the Share Repurchase, where applicable, by reducing the registered capital of Zibo CR Gas China by the number of the Target Shares and by its other internal resources upon completion of the Share Repurchase; or
- (2) Zibo Xinneng Group Company and Zibo CR Gas Hong Kong respectively pursuant to the Share Transfers, where applicable, in one lump sum payment upon completion of the Share Transfers. Zibo CR Gas Hong Kong's portion of the Purchase Consideration, namely, RMB23,017,500 (equivalent to approximately HK\$28,000,789) shall be satisfied in cash by internal resources of the Group.

REASONS FOR AND BENEFITS OF THE CORPORATE REORGANISATION

The Directors have been actively seeking investment opportunities so as to increase the return from the Group's investment portfolio, enhance the Group's business and assist the Group to further explore market opportunities for gas and gas-related products and services in the PRC. Upon completion of the Corporate Reorganisation, the Company will be in control of Zibo CR Gas China, in which the said company will become a non-wholly-owned subsidiary of the Company and will be accounted for and consolidated in the next audited consolidated accounts of the Company.

The Directors believe that the Corporate Reorganisation is consistent with the Group's expansion strategy and the Corporate Reorganisation will further enhance the overall business performance of the Group.

The Directors further believe, taking into account the business strategy of the Group, basis of the Purchase Consideration and historical financials and future prospects of Zibo CR Gas China, that the terms of Corporate Reorganisation Agreement are fair and reasonable and in the interests of the shareholders as a whole.

INFORMATION OF ZIBO CR GAS CHINA

Zibo CR Gas China was incorporated on 5 November 2002 with limited liability in the PRC and is engaged in the provision of natural gas related products and services in Zibo city, Shandong Province, the PRC. As at the date hereof, the registered capital of Zibo CR Gas China is RMB186,000,000, which is beneficially owned as to 46% by Zibo CR Gas Hong Kong, 45% by Zibo Xinneng Group Company and 9% by Zibo Xinneng Trade Union Committee.

Financial information of Zibo CR Gas China

The net asset value of Zibo CR Gas China as shown in the audited balance sheet as at 31 December, 2010 is approximately RMB364,618,482 (equivalent to approximately HK\$443,558,383).

The net profits (both before and after taxation and minority interests) of Zibo CR Gas China as shown in the audited profit and loss accounts for the two years ended 31 December, 2010 are as follows:—

	For the year ended 31 December, 2009	For the year ended 31 December, 2010
	<i>RMB million</i>	<i>RMB million</i>
Profit before taxation and minority interests	22.33	27.60
Profit after taxation and minority interests	16.85	20.32

IMPLICATIONS OF THE LISTING RULES

Zibo Xinneng Group Company is a state-owned enterprise governed by the local government of Zibo city in the PRC which is principally engaged in the investment and operating of state-owned assets and properties of Zibo city. Zibo Xinneng Trade Union Committee is the trade union committee set up by the employees for Zibo Xinneng Group Company in accordance with the PRC labour laws.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries:—

- (1) Zibo Xinneng Group Company, due to its holding of 45% of the registered capital of Zibo CR Gas China (thus being a substantial shareholder of a subsidiary of the Company), is a connected person of the Company. However, under the Corporate Reorganisation Agreement, the Group (through Zibo CR Gas China) will only conduct the Share Repurchase with Zibo Xinneng Trade Union Committee or (through Zibo CR Gas Hong Kong) acquire its respective portion of Target Shares from Zibo Xinneng Trade Union Committee. There is no direct transactions between the Group and Zibo Xinneng Group Company under the Corporate Reorganisation Agreement;

- (2) Zibo Xinneng Trade Union Committee is not a substantial shareholder of Zibo CR Gas China, and therefore is not a connected person of the Company, as it only holds 9% of the registered capital of Zibo CR Gas China. Zibo Xinneng Trade Union Committee and its members are third parties independent of the Group and connected persons of the Group (including Zibo Xinneng Group Company).

Due to the above, no transactions contemplated under the Corporate Reorganisation Agreement shall be regarded as connected transactions of the Company under the Listing Rules.

Despite the above, the Corporate Reorganisation will result in the Company acquiring up to additional 5% of the registered capital in Zibo CR Gas China. As the revenue ratio under rule 14.07 exceeds 5% but less than 25%, the Corporate Reorganisation constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

NATURE OF BUSINESS OF COMPANY AND ZIBO CR GAS HONG KONG

The Company is a limited liability company incorporated in Bermuda and its Shares have been listed on the Stock Exchange since 7 November 1994. The Group is principally engaged in downstream city gas distribution in the PRC. Its current operations cover provincial capitals and major cities such as Chengdu, Nanjing, Wuhan, Kunming, Jinan, Chongqing, Wuxi, Suzhou, Xiamen, etc.

Zibo CR Gas Hong Kong is a wholly-owned subsidiary of the Company and is an investment holding company with investments in Zibo CR Gas China.

DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context requires otherwise.

“Board”	the board of Director(s);
“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;
“Completion”	completion of the Corporate Reorganisation of the Target Shares, either by way of Share Repurchase or by way of Share Transfers in accordance with the terms and conditions under the Corporate Reorganisation Agreement;
“Corporate Reorganisation”	means the corporate reorganisation involving the shareholdings in the registered capital of Zibo CR Gas China in accordance with the terms and conditions under the Corporate Reorganisation Agreement, a summary of which is set out in the section entitled “The Corporate Reorganisation Agreement – Corporate Reorganisation” of this announcement;
“Corporate Reorganisation Agreement”	the corporate reorganisation agreement dated 5 July 2011 entered into among Zibo Xinneng Trade Union Committee, Zibo Xinneng Group Company, Zibo CR Gas Hong Kong and Zibo CR Gas China with respect to the Corporate Reorganisation;

“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Parties”	the parties to the Corporate Reorganisation Agreement, namely, Zibo Xinneng Trade Union Committee, Zibo Xinneng Group Company, Zibo CR Gas Hong Kong and Zibo CR Gas China;
“Purchase Consideration”	the purchase consideration payable for the Target Shares, being RMB41,431,500 (which is equivalent to approximately HK\$50,401,420);
“PRC”	the People’s Republic of China, but for the purposes of this announcement only, excluding Hong Kong, Macau and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share Repurchase”	the share repurchase to be undertaken by Zibo CR Gas China in accordance with the Corporate Reorganisation Agreement, details of which are set out in the section entitled “Corporate Reorganisation – Share Repurchase” of this announcement;
“Share Transfers”	the share transfers to be undertaken by the relevant Parties in accordance with the Corporate Reorganisation Agreement, details of which are set out in the section entitled “Corporate Reorganisation – Share Transfers” of this announcement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	shall have the meaning assigned to it under the Listing Rules;
“substantial shareholder(s)”	shall have the meaning assigned to it under the Listing Rules;
“Target Shares”	9% of the registered capital of Zibo CR Gas China held by Zibo Xinneng Trade Union Committee (representing an amount of RMB16,740,000) as at the date of this announcement;
“Zibo CR Gas China”	淄博華潤燃氣有限公司 (Zibo China Resources Gas Co., Ltd*), a sino-foreign joint venture company established in the PRC with limited liability;
“Zibo CR Gas Hong Kong”	Zibo China Resources Gas (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, a wholly owned subsidiary of the Company and an existing substantial shareholder of Zibo CR Gas China holding 46% of the registered capital of Zibo CR Gas China as at the date of this announcement;

“Zibo Xinneng Group Company”	淄博鑫能能源集團有限公司 (Zibo Xinneng Energy Resources Group Company Limited*), a state-owned enterprise established in the PRC with limited liability and an existing substantial shareholder of Zibo CR Gas China holding 45% of the registered capital of Zibo CR Gas China as at the date of this announcement;
“Zibo Xinneng Trade Union Committee”	淄博鑫能能源集團有限公司工會委員會 (Zibo Xinneng Energy Resources Group Company Limited Trade Union Committee*), the trade union committee of Zibo Xinneng Group Company and an existing shareholder of Zibo CR Gas China holding 9% of the registered capital of Zibo CR Gas China as at the date of this announcement; and
“%”	per cent.

By Order of the Board
China Resources Gas Group Limited
MA Guoan
Chairman

Hong Kong, 5 July, 2011

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. Du Wenmin and Mr. Wei Bin, being Non-executive Directors; and Mr. Wong Tak Shing, Mr. Luk Chi Cheong and Ms. Yu Jian, 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\$1.2165, 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.

* For identification only