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**華潤燃氣控股有**  
**China Resources Gas Group Limited**

*(Incorporated in Bermuda with limited liability)*

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The Board is pleased to announce that on 9 November, 2011, the Company, through its wholly owned subsidiary, China Resources Gas, has agreed with the PRC Party by passing the Written Shareholders Resolutions to undertake the Corporate Reorganization. Upon completion of the Corporate Reorganization, China Resources Gas will increase its interest in the registered capital of the Joint Venture Company from 49% to 70%.

As the assets ratio (only) under Rule 14.07 of the Listing Rules exceeds 5% but less than 25%, the Corporate Reorganization constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Reference is made to the announcement dated 9 April, 2010 of the Company in relation to the establishment of the Joint Venture Company in which China Resources Gas holds 49% equity interest. As at the date of this announcement, the registered capital of the Joint Venture Company is RMB951.00 million (equivalent to approximately HK\$1,171.63 million) and has been fully paid up.

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9 November, 2011

(1) China Resources Gas; and

(2) the PRC Party.

Pursuant to the Written Shareholders Resolutions, the Parties have agreed that the registered capital of the Joint Venture Company will be reduced from RMB951 million (equivalent to approximately HK\$1,171.63 million) to RMB665.7 million (equivalent to approximately HK\$820.14 million) and the Joint Venture Company will return an equivalent amount to the PRC Party.

It was agreed between the PRC Party and China Resources Gas that the carrying value attributable to the registered capital to be reduced as at 30 September, 2011 would not be less than RMB300.00 million (the “Agreed Value”). Based on a valuation performed by an independent auditor, the carrying value attributable to the registered capital to be reduced as at 30 September, 2011 is RMB293.58 million (the “Appraised Value”). It was provided under the Written Shareholders Resolutions that the Joint Venture Company will return to the PRC Party an amount equivalent to the Appraised Value and China Resources Gas will pay the PRC Party the difference between the Agreed Value and the Appraised Value, which being RMB6.42 million.

The percentage of the Parties’ interest in the Joint Venture Company as at the date of this announcement and immediately after the completion of the Corporate Reorganization is as follows:-

	As at 30 September 2011		Immediately after the completion of the Corporate Reorganization	
	(RMB million)	%	(RMB million)	%
The PRC Party	485,010,000	51%	199,710,000	30%
China Resources Gas	465,990,000	49%	465,990,000	70%
<b>Total</b>	<b>51,000,000</b>	<b>100%</b>	<b>665,700,000</b>	<b>100%</b>

The Parties have agreed that the Joint Venture Company shall be responsible for obtaining the relevant approval(s) of the local authorities in the PRC. The return of capital to the PRC Party by the Joint Venture Company and the payment to the PRC Party by China Resources Gas will be made in accordance with the relevant procedural requirements.

The Group will finance the payment to the PRC Party of the amount of RMB6.42 million by its internal resources.

#### *Board of directors and general management of the Joint Venture Company*

Upon completion of the Corporate Reorganization, it was also agreed between the PRC Party and China Resources Gas that the composition of board of directors of the Joint Venture Company will be changed from seven-member to nine-member, of which five of them will be appointed by China Resources Gas.

The Corporate Reorganization is occasioned by the PRC Party's asset management need. The Directors consider that the Corporate Reorganization provides an opportunity for the Group to gain control of the Joint Venture Company, which is consistent with the Group's expansion strategy.

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 Reorganization, the Joint Venture Company will become a subsidiary of the Company and whose results will be consolidated in the next audited consolidated accounts of the Company. The Directors believe that the Corporate Reorganization will further enhance the overall business performance of the Group.

The Directors further believe, taking into account the business strategy of the Group, historical financials and future prospects of the Joint Venture Company, that the

The Joint Venture Company was incorporated on 2 June, 2010 with limited liability in the PRC and is engaged in the provision of natural gas related products and services in Nanjing.

The net asset value of the Joint Venture Company as shown in the audited balance sheet as at 31 December, 2010 and the audited balance sheet as at 30 September 2011 were respectively approximately RMB956.53 million (equivalent to approximately HK\$1,178.44 million) and RMB962.18 million (equivalent to approximately HK\$1,185.41 million).

The net profits (both before and after taxation and minority interests) of the Joint Venture Company as shown in the audited profit and loss accounts for the year ended 31 December, 2010 and the net profits (both before and after taxation and minority interests) of the Joint Venture Company as shown in its audited profit and loss account for the nine months ended 30 September, 2011 are as follows:-

	31 December, 2010	30 September, 2011
	<i>RMB million</i>	<i>RMB million</i>
	<i>(audited)</i>	<i>(audited)</i>
Profit before taxation and minority interests	7.48	8.26
Profit after taxation and minority interests	5.53	5.65

The PRC Party is principally engaged in, among other things, the development, sale and supply of coal gas related products and the provision of gas-related goods and services in Jiangning District, Nanjing City of the PRC.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the PRC Party and its ultimate beneficial owner(s), save the investment in the Joint Venture Company, are independent third parties not connected with the Board, chief executives or substantial shareholders of the Company or any of its subsidiaries or their respective associates as defined in the Listing Rules.

The Corporate Reorganization will result in the Group increasing its shareholding in the Joint Venture Company from 49% to 70%. As the assets ratio under Rule 14.07 of the Listing Rules exceeds 5% but less than 25%, the Corporate Reorganization constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

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 the sale and distribution of gas fuel and related products and gas connection services in the PRC. Its piped natural gas operations are strategically located in areas of the PRC with rich reserves of natural gas and areas which are economically more developed and densely populated. Its current operation covers provincial capitals and major cities such as Chengdu, Nanjing, Wuhan, Kunming, Jinan, Chongqing, Wuxi and Suzhou.

China Resources Gas is an investment holding company incorporated in the British Virgin Islands and is a wholly-owned subsidiary of the Company.

Upon completion of the Corporate Reorganization, the Joint Venture Company will become an indirect non-wholly owned subsidiary of the Company.

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

the board of Director(s);
means China Resources Gas Limited (華潤燃氣有限公司), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company;

China Resources Gas Group Limited, a company incorporated in Bermuda, the Shares of which are listed on the main board of the Stock Exchange;

means the corporate reorganization involving a reduction in the registered capital of the Joint Venture Company in accordance with the terms and conditions under the Written Shareholders Resolutions, a summary of which are set out in the section entitled “The Written Shareholders Resolutions — Corporate Reorganization” of this announcement;

the director(s) of the Company;

the Company and its subsidiaries;

Hong Kong dollars, the lawful currency of Hong Kong;

the Hong Kong Special Administrative Region of the PRC;

南京江寧華潤燃氣有限公司 (Nanjing Jiangning China Resources Gas Co., Ltd)\*, a sino foreign equity joint venture company established in the PRC with limited liability;

the Rules Governing the Listing of Securities on the Stock Exchange;

the PRC Party and China Resources Gas;

the People’s Republic of China, but for the purposes of this announcement only, excluding Hong Kong, Macau and Taiwan;

means 南京市江寧區煤氣(集團)公司 (translated as Nanjing City Jiangning District Gas (Group) Company Limited)\*, a wholly state-owned limited liability company established in the PRC;

Renminbi, being the lawful currency of the PRC;

The Stock Exchange of Hong Kong Limited;

shall have the respective meanings assigned to those expressions by section 2 of the Companies Ordinance (Cap.32 of the Laws of Hong Kong), save that any reference therein to a company shall be deemed to include a reference to a body corporate incorporated or established outside Hong Kong or under any other ordinances of the Laws of Hong Kong and to any unincorporated body of persons;

the unanimous shareholders resolutions dated 9 November, 2011 of the Joint Venture Company signed by the PRC Party and China Resources Gas;

% per cent.

By Order of the Board

*Executive Director & Company Secretary*

Hong Kong, 9 November, 2011

*As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Ma Guoan, Mr. Wang Chuandong and Mr. Ong Thiam Kin; two non-executive Directors, namely Mr. Du Wenmin and Mr. Wei Bin; and three independent non-executive Directors, namely Mr. Wong Tak Shing, Mr. Luk Chi Cheong and Ms. Yu Jian.*

*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\$1.232, 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 name of this PRC-incorporated company is only an English translation of the corresponding official Chinese name and is provided for identification purposes only.*