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華潤勵致有限公司
China Resources Logic Limited
(incorporated in Bermuda with limited liability)
(Stock Code: 1193)

**(1) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION
ACQUISITION OF CHINA RESOURCES GAS LIMITED**

**(2) PROPOSED RIGHTS ISSUE IN THE PROPORTION OF
FOUR RIGHTS SHARES FOR EVERY ONE SHARE HELD ON THE RECORD DATE
AT HK\$3.42 PER RIGHTS SHARE**

**(3) PROPOSED CHANGE OF NAME OF CHINA RESOURCES LOGIC LIMITED
TO CHINA RESOURCES GAS GROUP LIMITED**

**(4) REFRESHMENT OF GENERAL MANDATES TO ISSUE
AND REPURCHASE SHARES**

AND

(5) RESUMPTION OF TRADING

Financial Advisers

Morgan Stanley

CREDIT SUISSE 

Independent Financial Adviser to the Company

CIMB-GK Securities (HK) Limited



Underwriter to the Rights Issue

Splendid Time Investments Inc.

The Board is pleased to announce its proposed (i) acquisition of CR Gas from China Resources Holdings, (ii) rights issue of 1,131,533,368 Shares by the Company, (iii) change of name of the Company and (iv) refreshment of general mandates to issue Shares and repurchase Shares.

THE ACQUISITION

On 21 August 2008, the Company entered into the Share Purchase Agreement to conditionally agree to acquire the entire issued share capital of CR Gas, a wholly-owned subsidiary of China Resources Holdings, for a consideration of HK\$3,814.8 million.

The Acquisition and the Rights Issue are conditional upon each other. The other conditions for the Completion of the Acquisition are set out in “Conditions precedent to completion of the Share Purchase Agreement” below.

THE RIGHTS ISSUE

In order to finance the Acquisition, the Company proposes to raise approximately HK\$3,869.8 million before expenses by way of the Rights Issue of 1,131,533,368 Rights Shares at the Subscription Price of HK\$3.42 per Rights Share on the basis of four (4) Rights Shares for every one (1) existing Share held at the close of business on the Record Date.

Pursuant to the Rights Issue, the Qualifying Shareholders will be provisionally allotted four (4) Rights Shares in nil-paid form for every one (1) existing Share held as at the close of business on the Record Date. Fractional entitlements to Rights Shares will not be provisionally allotted but will be aggregated and allotted to satisfy excess applications and/or sold for the benefit of the Company.

The Rights Issue is not available to the Excluded Shareholders.

As at the date of this announcement, the Company has 212,000 outstanding vested Share Options entitling the Share Optionholders to subscribe for 212,000 Shares. None of the Company’s directors nor connected persons currently hold any Share Options.

The Rights Issue is fully underwritten by the Underwriter and is conditional upon the fulfillment of the conditions set out under the sub-section headed “Conditions of the Rights Issue” below. If the conditions are not fulfilled, the Rights Issue will not proceed. In particular, it is subject to the Underwriting Agreement not being terminated in accordance with its terms (see sub-section headed “Termination of the Underwriting Agreement” below). Accordingly, the Rights Issue may or may not proceed. Potential investors should exercise caution when dealing in the Shares or Rights Shares in their nil-paid form, and if they are in any doubt about their position, they are recommended to consult their professional adviser(s). Moreover, investors’ attention is drawn to the section headed “Warning of the risk of dealing in the Shares and the nil-paid Rights Shares” below.

The last day of dealing in the Shares on a cum-rights basis is Monday, 22 September 2008. The Shares will be dealt with on an ex-rights basis from Tuesday, 23 September 2008. The Rights Shares are expected to be dealt with in their nil-paid form from Monday, 6 October 2008 to Monday, 13 October 2008 (both days inclusive). To qualify for the Rights Issue, a Qualifying Shareholder must be registered as a member of the Company as at the close of business on the Record Date. In order to be registered as a member of the Company on the Record Date, any transfer of the Shares (together with the relevant share certificate(s)) must be lodged for registration with the Company’s branch share registrar in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, by 4.30 p.m. on Wednesday, 24 September 2008. The Acceptance Date is expected to be on Thursday, 16 October 2008 or such other date as the Company and the Underwriter may agree in writing. Any dealings in the Shares from now up to the date the Rights Issue becomes unconditional (which is expected to be Monday, 20 October 2008), or in the Rights Shares in nil-paid form on the Stock Exchange during the period in which they may be traded in their nil-paid form, will bear the risk that the Rights Issue may not become unconditional or may not proceed.

Any Shareholders or other persons contemplating dealing in the Shares and/or nil-paid Rights Shares are recommended to consult their own professional adviser(s).

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms.

The Company will despatch the Rights Issue Documents to each of the Qualifying Shareholders and the Prospectus to each of the Excluded Shareholders (if any), for their information only, as soon as practicable.

REASONS FOR AND BENEFITS OF THE ACQUISITION

On 4 December 2007, the Company announced its acquisition of Redland Concrete. Since then, the global economic and capital market conditions have deteriorated significantly. During the same period, the Company's share performance has also been subject to considerable volatility, despite the relatively stable and healthy business performance of Redland Concrete. In response to the above circumstances, the Company began to explore additional means to further accelerate its business expansion to a more optimal scale in order to promote a healthier capital market performance and to enhance the long term return of the shareholders. While pursuing this growth strategy, the Company is also conscious about the uncertain global economics outlook and hence it has adopted a prudent approach in selectively pursuing acquisition opportunities with stable cash flow and reasonable future growth potential. For the above reasons and with the support of China Resources Holdings, the Company has therefore entered into the Acquisition. The Acquisition will allow the Company to expand into the city gas distribution business in China, which should provide for stable cash flows and a higher growth potential by capturing the increase in demand for natural gas in China and leveraging China Resources Group's strong presence and brand name in China. Following the completion of the Acquisition, the Company's primary focus will be on the city gas distribution business operated through the CR Gas Group as a platform to expand into the promising natural gas industry in the PRC. The Company currently intends to continue to operate its non-core businesses engaged in the production and sale of ready mixed concrete within Hong Kong through its wholly-owned subsidiary, Redland Concrete.

LISTING RULES IMPLICATIONS

The Acquisition constitutes, a very substantial acquisition of the Company under the Listing Rules. Since China Resources Holdings is the controlling shareholder of the Company, holding 68.83% of its issued share capital, the Acquisition also constitutes a connected transaction of the Company under the Listing Rules. As such, the Acquisition and the Share Purchase Agreement are therefore subject to the approval of the Independent Shareholders at the SGM.

The completion of the proposed Rights Issue would increase the issued share capital of the Company by more than 50%. Pursuant to Rule 7.19(6)(a) of the Listing Rules, the Rights Issue is conditional on the approval by the Independent Shareholders in the SGM on a vote taken by way of poll at the SGM and on which China Resources Holding, the controlling shareholder of the Company and its Associates, shall abstain from voting in favour.

China Resources Holdings and any of its Associates and any Shareholders who are interested or involved in the Acquisition and the Rights Issue other than as Shareholders of the Company will abstain from voting in respect of the proposed resolutions to approve these matters. Further details on the matters to be voted on by the Shareholders at the SGM are set out in the section headed “General” in this announcement.

The Independent Board Committee has been constituted to consider the terms of the Share Purchase Agreement and the Rights Issue and to advise and make recommendations to the Independent Shareholders as to how to vote at the SGM on the ordinary resolutions regarding the Transactions. Mr. Wong Tak Shing, Mr. Luk Chi Cheong and Dr. Yang Chonghe, Howard have been appointed by the Board to serve as members of the Independent Board Committee. No member of the Independent Board Committee (including Mr. Wong Tak Shing who is currently interested in 40,000 Shares) has any material interest in the Transactions.

Independent financial adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the transactions contemplated under the Share Purchase Agreement and the Rights Issue.

CHANGE OF NAME

The Board proposes that, subject to the completion of the Transactions, the Company will change its name from “China Resources Logic Limited” to “China Resources Gas Group Limited” and its Chinese name from “華潤勵致有限公司” to “華潤燃氣控股有限公司”. A further announcement will be made on the change of name becoming effective. The Company proposes to seek the Shareholders’ approval at the SGM to approve the requisite resolution to change its existing name.

REFRESHMENT OF GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES

In view of the enlarged issued share capital of the Company as a result of the Rights Issue, the Directors will seek the approval of the Shareholders at the SGM and at which no Shareholder shall abstain from voting, as permitted by Rule 13.36(4)(e) of the Listing Rules, that subject to the completion of the Transactions, to top-up the general mandate from 56,576,668 Shares to 282,883,342 Shares (representing 20% of the Company's issued share capital as enlarged by the completion of the Rights Issue).

The Directors will further seek the approval of the Shareholders at the SGM, as permitted by Rule 10.06(1) of the Listing Rules, that subject to the completion of the Transactions, to repurchase Shares not exceeding 10% of the Company's issued share capital as at the date of the SGM.

GENERAL

A circular containing further details of, amongst other things, (i) the Acquisition; (ii) the Rights Issue; (iii) the recommendations of the Independent Board Committee in respect of the Acquisition and the Rights Issue; (iv) a letter of advice from the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition and the Rights Issue; (v) the proposed change of name of the Company; (vi) the proposed grant of refreshment of general mandates to issue Shares and repurchase Shares; and (vii) a notice convening the SGM will be dispatched to the Shareholders as soon as practicable.

Subject to the approval of the Rights Issue by the Independent Shareholders on a vote taken by way of poll at the SGM, the Rights Issue Documents containing details of the Rights Issue will be dispatched as soon as practicable after the approval of the Rights Issue by the Independent Shareholders at the SGM.

As Completion is subject to the fulfillment of the conditions set out in the Share Purchase Agreement and the Underwriting Agreement, any of the Acquisition and the Rights Issue may or may not proceed. Investors should exercise caution when dealing in the Shares and/or the Rights Shares. When in doubt, investors are recommended to consult their professional adviser(s).

RESUMPTION OF TRADING

Trading in the Shares was suspended with effect from 2:30 p.m. on 19 August 2008 at the request of the Company pending the release of this announcement. An application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on Friday, 22 August 2008. The Company has noted the decrease in the price of the Shares on 19 August 2008. Save as disclosed in this Announcement, the Company confirms that it is not aware of any reasons for such movement. The Company also confirms that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Rule 13.23 of the Listing Rules, neither is the Company aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

The Board is pleased to announce its proposed (i) acquisition of CR Gas from China Resources Holdings, (ii) rights issue of 1,131,533,368 Shares by the Company, (iii) change of name of the Company and (iv) refreshment of general mandates to issue Shares and repurchase Shares.

I. THE ACQUISITION

BACKGROUND

On 21 August 2008, the Company entered into the Share Purchase Agreement to agree conditionally to acquire the entire issued share capital of CR Gas, a wholly-owned subsidiary of China Resources Holdings.

The CR Gas Group is principally engaged in city gas distribution (including LNG and/or LPG) in Chengdu, Fuyang, Huaibei, Linhai, Suzhou and Wuxi of the PRC and operates CNG filling stations in Chengdu, Nanjing and Wuxi of the PRC. The CR Gas Group is also engaged in bottled LPG distribution in Fuyang, Suzhou and Wuxi of the PRC.

A. THE SHARE PURCHASE AGREEMENT

Date

21 August 2008

Parties to the Share Purchase Agreement

- (i) CR Logic
- (ii) China Resources Holdings

Assets to be Acquired

Pursuant to the Share Purchase Agreement, the Company conditionally agreed to acquire, and China Resources Holdings conditionally agree to sell or procure the sale of the CR Gas Shares.

Conditions precedent to completion of the Share Purchase Agreement

Completion of the Acquisition is subject to the satisfaction of, amongst other things, the following conditions precedent:

- (i) the approval of the Independent Shareholders in respect of the Acquisition and the Share Purchase Agreement at the SGM;
- (ii) the completion of the Rights Issue;
- (iii) the completion of satisfactory due diligence by the Company; and
- (iv) all necessary consents, approvals and authorisations required as a result of the transactions contemplated in the Share Purchase Agreement.

If any of the conditions set out in the Share Purchase Agreement is not fulfilled (or waived by the Company or China Resources Holdings, as the case may be) on or before 30 April 2009 (or such later date as agreed between the parties), the Share Purchase Agreement and the transactions contemplated thereunder shall be terminated.

Consideration

The consideration payable by the Company for the Acquisition is HK\$3,814.8 million. The consideration for the Acquisition under the Share Purchase Agreement has been arrived at after arm's length negotiations between China Resources Holdings and the Company after taking into account various relevant factors including the strategic rationale behind the transactions contemplated, the nature of the relevant businesses, the historical financial information, consolidated net asset value, current market valuations and future prospects of the relevant industries including general economic trends and market growth and the prevailing commercial and business conditions in which CR Gas operates.

Source of Funding

The consideration of HK\$3,814.8 million payable by the Company to China Resources Holdings for the Acquisition shall be satisfied in cash and payable at Completion. The Company is proposing that the consideration be funded by way of the Rights Issue. The completion of the Acquisition is conditional upon the completion of the Rights Issue. Details of the Rights Issue are set out under the section headed “The Rights Issue” below.

Profit Guarantee

Pursuant to the Share Purchase Agreement, China Resources Holdings has guaranteed to the Company that the audited consolidated net profit after taxation attributable to shareholders of CR Gas for the year ending 31 December 2008 prepared in accordance with the accounting principles generally accepted in Hong Kong will not be less than HK\$250 million. In the event that such audited consolidated net profit after taxation is less than the guaranteed level or CR Gas has an audited consolidated net loss after taxation for such period, China Resources Holdings will compensate the Company an amount equal to the difference between the guaranteed amount of HK\$250 million and the audited consolidated net profit or loss after taxation attributable to shareholders of CR Gas for the year ending 31 December 2008 multiplied by 15.2592 and in any event, the compensation paid by China Resources Holdings to the Company will not exceed the difference between the consideration of the Acquisition and the audited consolidated net asset value of CR Gas as at 30 June 2008. In the event that the Company claims against China Resources Holdings pursuant to the above, a further announcement will be made by the Company. Details of the compensation (if any) will be included in the subsequent annual report of the Company which will also contain opinions from the independent non-executive Directors as to whether China Resources Holdings has fulfilled its obligation under the guarantee.

Deed of Non-competition

As a condition precedent to the completion of the Acquisition, the Company and China Resources Holdings will enter into the Deed of Non-competition. No consideration is payable by the Company under the Deed of Non-competition. Apart from the businesses of the CR Gas Group, China Resources Holdings currently does not operate any other businesses which directly or indirectly competes, or may lead to competition, with the businesses of the CR Gas Group. Under the Deed of Non-competition, China Resources Holdings will, amongst other things:

- (i) undertake not to engage in any business which directly or indirectly competes, or may lead to competition, with the businesses of the CR Gas Group and future businesses in the PRC gas industry in the PRC of the CR Logic Group (including the CR Gas Group);
- (ii) grant an option to the Company to purchase at any time and in the event China Resources Holdings decides or intends to dispose, an option and a first right of refusal to purchase the gas businesses retained by the China Resources Holdings Group, which currently are operated in different regions of the PRC to the business of the CR Gas Group and therefore do not directly or indirectly compete with the businesses of the CR Gas Group, or not taken up by the Company pursuant to paragraph (iii) below; and
- (iii) notify the Company about all future gas business opportunities which directly or indirectly compete, or may lead to competition, with the current and future businesses of the CR Logic Group (including the CR Gas Group) immediately upon becoming aware of such opportunities and to provide, or procure that such opportunities are first offered, to the Company on terms and conditions no less favourable than those offered to the China Resources Holdings Group.

Proposed Changes in the Board composition of the Company

It is currently intended that, subject to the completion of the Transactions, six of the current directors of the Company (comprising one executive Director, two non-executive Directors and three independent non-executive Directors) would remain on the Board following the completion of the Transactions. It is currently intended that due to internal restructuring, one executive and one non-executive Director of the Company will resign following the completion of the Transactions. The Company currently intends to appoint three additional directors (comprising one executive Director and two non-executive Directors) upon completion of the Transactions. The Company will make further announcement(s), as required under the Listing Rules, upon the resignation/appointment of any Director.

The Group also intends to appoint a senior management team from the CR Gas Group following the completion of the Acquisition.

B. REASONS FOR AND BENEFITS OF THE ACQUISITION

On 4 December 2007, the Company announced its acquisition of Redland Concrete. Since then, the global economic and capital market conditions have deteriorated significantly. During the same period, the Company's share performance has also been subject to considerable volatility, despite the relatively stable and healthy business performance of Redland Concrete. In response to the above circumstances, the Company began to explore additional means to further accelerate its business expansion to a more optimal scale in order to promote a healthier capital market performance and to enhance the long term return of the shareholders. While pursuing this growth strategy, the Company is also conscious about the uncertain global economics outlook and hence it has adopted a prudent approach in selectively pursuing acquisition opportunities with stable cash flow and reasonable future growth potential. For the above reasons and with the support of China Resources Holdings, the Company has therefore entered into the Acquisition. The Acquisition will allow the Company to expand into the city gas distribution business in China, which should provide for stable cash flows and a higher growth potential by capturing the increase in demand for natural gas in China and leveraging China Resources Group's strong presence and brand name in China. Following the completion of the Acquisition, the Company's primary focus will be on the city gas distribution business operated through the CR Gas Group as a platform to expand into the promising natural gas industry in the PRC. The Company currently intends to continue to operate its non-core businesses engaged in the production and sale of ready mixed concrete within Hong Kong through its wholly-owned subsidiary, Redland Concrete.

The natural gas industry in China

The continued economic growth and the rapid industrialisation and urbanisation in China has spiked the demand for energy in China. In order to reduce reliance on polluting energy sources such as coal and crude oil, the PRC government has, in recent years, taken many steps to promote the development and utilisation of less polluting energy sources. Natural gas is considered a cleaner but relatively new conventional energy source compared to coal and crude oil. The PRC government has therefore been supportive of the development of natural gas.

The percentage of energy consumption from natural gas in the PRC is very low compared to international average levels. According to BP Statistical Review of World Energy June 2008, for 2007, natural gas only accounted for 2.71% of China's total primary energy consumption, which is lower than Asia's average consumption of 9.96% and far lower than the international average of 23.05%. The Company therefore believes that there is significant room for further increases in the utilisation of natural gas in China.

Natural gas is typically used for power generation, as a feedstock for manufacturing chemicals and fertilisers, and directly for residential and commercial heating and other industrial purposes. City gas distribution companies distribute natural gas through their pipelines to residential, commercial and industrial end-users. Compared with other developed countries, such as the United States, China's penetration level of natural gas is still low.

To increase natural gas supply, the "West to East Gas Transmission" pipelines were constructed with the support of the PRC government to bring natural gas from the Xinjiang Autonomous Region to the coastal regions of the PRC. The PRC government is also planning to construct the second phase of the "West to East Gas Transmission" pipelines and build pipelines from the gas-rich Sichuan province to coastal regions of the PRC.

In addition, the PRC government has promulgated various policies and guidelines to encourage and rationalise the usage of natural gas. For example, in July 2008, the National Development and Reform Commission issued a natural gas usage policy (天然氣利用政策) for this purpose. The policy specifically states that municipal residential and commercial users shall have preferential access to natural gas.

The Company believes that all of the above factors show that the natural gas industry in China offers significant opportunity for future growth.

The CR Gas Group

The CR Gas Group currently operates a portfolio city gas distribution businesses including natural or petroleum gas pipelines, CNG filling stations and bottled LPG distribution. Its natural gas pipeline operations are strategically located in areas of China with rich reserves of natural gas (the Sichuan province) and areas which are economically more developed and densely populated (eastern coastal region). The CR Gas Group is therefore geographically well positioned for further expansion. The Company understands that the operations of the CR Gas Group was not materially affected by the earthquakes in the Sichuan province earlier this year.

Turnover of the CR Gas Group primarily represents income derived from sale and distribution of gas fuel and gas pipeline connection. For the six months ended 30 June 2008, revenue from gas sales and distribution accounted for approximately 84.6% of the CR Gas Group's total revenue and revenue generated from connection fees accounted for the remainder of the Group's total revenue. Over 73.4% of the revenue of the CR Gas Group derived from sale and distribution of gas fuel were accounted for by commercial, industrial or other non-residential consumers. The Company considers that the Group would be able to take advantage of the healthy balance between the sources of revenue and the strong non-residential customer base of the CR Gas Group to achieve further growth and profitability.

As part of the China Resources Holdings Group, CR Gas Group has been able to build strong stable relationships with gas providers and applicable regulators of the natural gas industry in the PRC. Furthermore, CR Gas Group's joint venture partners in most of its gas pipeline operations are the local governments that operated the relevant business prior to the cooperation with the CR Gas Group. With the continued support of these joint venture partners and the Company's controlling shareholder, China Resources Holdings, the Company believes that CR Gas Group would be placed in an advantageous position in an industry that is subject to extensive regulations.

The Company believes that the Group benefits from its relationship with its controlling shareholder, China Resources Holdings. China Resources Holdings Group engages in a diversified portfolio of businesses that spreads across the PRC, including businesses in other utilities sector within the PRC. The "China Resources" brand name is therefore one of the renowned brands in China which commands widespread recognition and trust. This brand name has contributed towards the continued growth of the businesses of both the CR Gas Group and the Group. The Company also believes that the CR Gas Group and the Group would be able to continue to benefit from China Resources Holdings' extensive management and operational expertise in the utilities sector.

Over the past few years the Company has continued to review and evaluate business and investment opportunities with stable cash flow and reasonable future growth potential in order to enhance long-term shareholder return. The Company believes that the CR Gas Group with its unique qualities represents a strong platform for the Group to enter into the natural gas industry in the PRC.

The Directors (excluding the independent non-executive Directors whose opinion will be subject to the advice of the independent financial adviser) consider that the terms and conditions of the Acquisition and the Share Purchase Agreement are fair and reasonable, on normal commercial terms and are in the interest of the Company and the Shareholders as a whole.

C. INFORMATION ON CR GAS

CR Gas, a wholly owned subsidiary of China Resources Holdings, is a holding company. The CR Gas Group is principally engaged in the city gas distribution (including LNG and/or LPG) in Chengdu, Fuyang, Huaibei, Linhai, Suzhou and Wuxi of the PRC and operates CNG filling stations in Chengdu, Nanjing and Wuxi of the PRC. The CR Gas Group is also engaged in bottled LPG distribution in Fuyang, Suzhou and Wuxi of the PRC. China Resources Holdings had originally acquired CR Gas as part of its acquisition of China Resources Petrochems Holdings Limited from its subsidiary, China Resources Enterprise, Limited, in November 2006 for a consideration of HK\$2,780 million. Other than the piped gas businesses of CR Gas, China Resources Petrochems Holdings Limited was also the holding company of certain chemical distribution, lubricant oil and other petroleum related businesses in the PRC.

The unaudited consolidated profits before taxation, extraordinary items and minority interests of CR Gas in respect of the two financial years ended 31 December 2007 and the six months ended 30 June 2008 prepared in accordance with the accounting principles generally accepted in Hong Kong were approximately HK\$114.2 million, HK\$189.7 million and HK\$162.9 million, respectively.

The unaudited consolidated profits after taxation, extraordinary items and minority interests of CR Gas in respect of the two financial years ended 31 December 2007 and the six months ended 30 June 2008 prepared in accordance with the accounting principles generally accepted in Hong Kong were approximately HK\$94.8 million, HK\$193.6 million and HK\$128.1 million, respectively.

The unaudited total equity attributable to equity holders of CR Gas as of 30 June 2008 prepared in accordance with the accounting principles generally accepted in Hong Kong was approximately HK\$1,439.6 million.

The following table sets forth the turnover of the CR Gas Group from sale and distribution of gas fuel and gas pipeline connection to external customers for the periods indicated together with those products' respective percentage shares of the CR Gas Group's turnover:

| Category | Year ended 31 December | | Six months ended | | | |
|-------------------------------------|------------------------|---------------------|---------------------|---------------------|--------------|-------------|
| | 2006 | 2007 | 30 June | 2008 | | |
| | <i>HK\$ million</i> | <i>HK\$ million</i> | <i>HK\$ million</i> | <i>HK\$ million</i> | | |
| | <i>(unaudited)</i> | <i>(unaudited)</i> | <i>(unaudited)</i> | <i>(unaudited)</i> | | |
| Sale and Distribution of Gas | | | | | | |
| Fuel | | | | | | |
| - non-residential customers | 716.4 | 66.7% | 1,120.6 | 70.3% | 600.4 | 62.1% |
| - residential customers | 214.2 | 19.9% | 263.4 | 16.5% | 216.9 | 22.5% |
| Sub-Total | 930.6* | 86.6% | 1,384.0 | 86.8% | 817.3 | 84.6% |
| Connection Fees | | | | | | |
| - non-residential customers | 29.9 | 2.8% | 63.4 | 4.0% | 38.8 | 4.0% |
| - residential customers | 113.8 | 10.6% | 147.4 | 9.2% | 110.4 | 11.4% |
| Sub-Total | 143.7 | 13.4% | 210.8 | 13.2% | 149.2 | 15.4% |
| Total | 1,074.3* | 100% | 1,594.8 | 100% | 966.5 | 100% |

* excludes amounts from turnover of sale and distribution of gas fuel of approximately HK\$248.2 million contributed by a previous subsidiary which has been subsequently disposed.

Shareholders should note that the above financial information of CR Gas was unaudited and may be subject to change following the completion of the preparation of the audited financial statements of CR Gas. Shareholders should therefore exercise caution when considering the unaudited financial information contained in this announcement.

D. NATURE OF BUSINESS OF CR LOGIC AND CHINA RESOURCES HOLDINGS

Nature of the business of CR Logic

CR Logic is an investment holding company which holds primarily interests in businesses engaged in the production and sale of ready mixed concrete within Hong Kong. It also engages in the production and sale of mortars and shotcrete. Through the Company's wholly-owned subsidiary, Redland Concrete, the Group has two operating batching plants located at Yuen Long and Yau Tong; a third in Chai Wan is presently leased to an independent third party. The Shares are listed on the Main Board of the Stock Exchange.

The Company currently also operates a semiconductor operation in Tai Po, Hong Kong. The Company has been undergoing discussions with independent third parties for the disposal of this business.

Nature of business of China Resources Holdings

China Resources Holding is the substantial and controlling shareholder of CR Logic and its principal business is investment holding.

II. THE RIGHTS ISSUE

In order to finance the Acquisition, the Company proposes to raise approximately HK\$3,869.8 million before expenses by way of the Rights Issue of 1,131,533,368 Rights Shares at the Subscription Price of HK\$3.42 per Share on the basis of four (4) Rights Shares for every one (1) existing Share held at the close of business on the Record Date.

The proceeds from the Rights Issue will be applied towards payment of the consideration for the Acquisition and the costs and expenses relating to the Acquisition and the Rights Issue.

A. ISSUE STATISTICS OF THE RIGHTS ISSUE

| | |
|-------------------------------------|---|
| Basis of the Rights Issue | Four (4) Rights Shares for every one (1) existing Share held on the Record Date by the Qualifying Shareholders |
| Subscription Price | HK\$3.42 per Rights Share |
| Number of Shares in issue | 282,883,342 Shares as at the date of this announcement |
| Number of outstanding Share Options | 212,000 Shares |
| Number of Rights Shares | Not less than 1,131,533,368 Rights Shares (assuming none of the Share Options is exercised on or before the Record Date); and Not more than 1,132,381,368 Rights Shares (assuming all of the Share Options are exercised on or before the Record Date) |
| Underwriter | Splendid Time |
| Underwriting Commission | Nil |

The number of Rights Shares which may be issued pursuant to the Rights Issue will be increased in proportion to any additional Shares which may be allotted and issued on or before the Record Date pursuant to the exercise of the Share Options. As at the date of this announcement, the Company has 212,000 outstanding vested Share Options entitling the Share Optionholders to subscribe for 212,000 Shares. None of the Company's directors currently hold any Share Options. The Directors have also confirmed that, pursuant to the Model Code of the Listing Rules, they will not apply for excess Rights Shares under the Rights Issue. Save for the outstanding Share Options, there are no other convertible securities, options or warrants in issue which would otherwise confer any right to subscribe for, convert or exchange into the new Shares as at the date of this announcement.

The nil-paid Rights Shares to be provisionally allotted pursuant to the terms of the Rights Issue represents approximately 400% of the Company's existing issued share capital as at the date of this announcement or approximately 80% of the enlarged issued share capital of the Company immediately after the completion of the Rights Issue, assuming none of the Share Options is exercised on or before the Record Date.

Qualifying Shareholders

The Company will send the Rights Issue Documents to the Qualifying Shareholders and, for information purposes only, the Prospectus to the Excluded Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date and not be an Excluded Shareholder.

In order to be registered as a member of the Company on the Record Date, the Shareholders must lodge any transfers of Shares (with the relevant share certificate(s)) with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. (Hong Kong time) on Wednesday, 24 September 2008. Holders of the Share Options who wish to participate in the Rights Issue should exercise their Share Options in accordance with and subject to their respective terms and conditions before 4:00 p.m. (Hong Kong time) on the Record Date so as to enable them to be registered as Shareholders on or before the Record Date.

Closure of Register of Members

The Company's register of members will be closed from Thursday, 25 September 2008 to Monday, 29 September 2008, both days inclusive, for the purposes of establishing entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

B. TERMS OF THE RIGHTS ISSUE

1. Subscription Price

The Subscription Price of HK\$3.42 per Rights Share is, subject to the Set-off Arrangement, payable in full when a Qualifying Shareholder accepts the relevant provisional allotments under the Rights Issue or applies for excess Rights Shares or when a transferee of nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 14.5% to the closing price of HK\$4.00 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 29.9% to the average closing price of HK\$4.88 per Share for the five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 35.7% to the average closing price of HK\$5.32 per Share for the ten consecutive trading days up to and including the Last Trading Day; and
- (iv) a discount of approximately 3.4% to the theoretical ex-rights price of HK\$3.54 per Share based on the closing price of HK\$4.00 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (v) a premium of approximately 216.7% to the audited net asset value as at 31 December 2007 of HK\$1.08 per Share.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Underwriter with reference to the prevailing Share prices prior to the Last Trading Day and the current financial position of the Group.

The Company considers that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

2. Basis of Provisional Allotments

Four (4) Rights Share (in nil-paid form) for every one (1) existing Share held by Qualifying Shareholders as at the close of business on the Record Date.

3. Status of the Rights Shares

When allotted and fully paid, the Rights Shares will rank pari passu with the then existing Shares in issue in all respects. Holders of such Rights Shares will receive all future dividends and distributions, which may be declared, made or paid after, the date of allotment and issue of the Rights Shares.

4. Rights of the Excluded Shareholders

The Rights Issue Documents will not be registered or filed under the applicable securities or equivalent legislation of any jurisdictions other than Hong Kong and Bermuda.

Based on the register of members of the Company as at the date of this Announcement, there were 7 Overseas Shareholders.

If, on the Record Date, there are any Overseas Shareholders, the Company will instruct its legal advisers to make enquiry regarding the applicable legal restrictions and regulatory requirements of the relevant jurisdictions outside Hong Kong in connection with extending the Rights Issue to such Overseas Shareholders. The Company will comply with all necessary requirements specified in Rule 13.36(2) of the Listing Rules and will only exclude from the Rights Issue such Overseas Shareholders who the Directors, after making enquiry regarding the legal restrictions under the laws of the relevant jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges in such jurisdictions, consider it necessary or expedient to do so. The basis of exclusion of such Overseas Shareholders from the Rights Issue, if any, will be disclosed in the Prospectus.

The Company will send the Prospectus to the Excluded Shareholders, if any, for their information only.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders, if any, to be sold in the open market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, will be distributed pro rata to the Excluded Shareholders provided that the Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold Rights Shares to which the Excluded Shareholders would otherwise have been entitled will be made available for applications for excess Rights Shares.

5. Certificates for the Rights Shares and refund cheques for Rights Issue

Subject to the fulfilment, (or, where applicable) waiver of the conditions of the Rights Issue, certificates for the fully-paid Rights Shares and refund cheques in respect of wholly or partly unsuccessful applications for excess Rights Shares (if any) are expected to be posted to those entitled thereto by Friday, 24 October 2008 at their own risk.

6. Fractional entitlements to the Rights Shares

Fractional entitlements to Rights Shares will not be provisionally allotted. All fractions of Rights Shares will be aggregated (rounded down to the nearest whole number). All nil-paid Rights Shares arising from such aggregation will be provisionally allotted to a nominee appointed by the Company and, if a premium (net of expenses) can be obtained, will be sold in the market. The net proceeds of such sale will be retained by the Company for its own benefit. Any unsold Rights Shares will be made available for excess application.

7. Application for excess Rights Shares

Qualifying Shareholders shall be entitled to apply for any unsold entitlements of the Excluded Shareholders, any nil-paid Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders, and any unsold Rights Shares created by aggregating fractions of the Rights Shares.

Applications may be made by completing the EAFs and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (i) preference will be given to applications for topping-up odd-lot holdings to whole-lot holdings; and
- (ii) subject to availability of excess Rights Shares after allocation under principle (a) above, the excess Rights Shares will be allocated to Qualifying Shareholders who have applied for excess application based on a pro-rata basis to the excess Rights Shares applied by them, with board lots allocation to be made on best effort's basis.

Shareholders with their Shares held by nominee(s) should note that the Board would regard the nominee as a single Shareholder according to the register of members of the Company, and thus, in such case, the aforesaid arrangement in relation to the top-up of odd lots for allocation of excess Rights Shares will not

be extended to the beneficial owners individually. Shareholders with their Shares held by a nominee company are advised to consider whether they would like to arrange for the registration of their relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

8. Set-off Arrangement

Qualifying Shareholders shall be entitled to set off all or part of the aggregate subscription monies in respect of the Rights Shares against such sums due from the Company to such Qualifying Shareholder under any existing legally valid, binding and enforceable agreement between the Company and such Qualifying Shareholder as determined by the Company.

9. Application for listing

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Rights Shares, in both nil-paid and fully-paid forms. Dealings in the nil-paid and fully-paid Rights Shares will be subject to the payment of stamp duty in Hong Kong.

10. Conditions of the Rights Issue

The Rights Issue is conditional, amongst other things, on:

- (i) the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof; and
- (ii) the passing of the relevant resolution by the Independent Shareholders at the SGM approving the Rights Issue on or before the Prospectus Posting Date.

C. UNDERWRITING ARRANGEMENTS

Undertakings from China Resources Holdings

As at the date of this announcement, China Resources Holdings, is, or is deemed under the SFO to be, interested in 194,710,215 Shares in total, representing approximately 68.83% of the existing issued share capital of the Company. China Resources Holdings and its subsidiaries which have shareholdings in the Company (namely, Gold Touch Enterprises Inc., Waterside Holdings Limited and Splendid Time) will each receive a pro rata entitlement to Rights Shares in its capacity as a

Shareholder. Each of China Resources Holdings and the above subsidiaries have undertaken to the Company either to take up all of the Rights Shares to be provisionally allotted to it on a pro rata basis in full or to renounce its full entitlement of the Rights Shares in favour of Splendid Time (as appropriate).

The Set-off Arrangement

The parties to the Underwriting Agreement agree that the aggregate amount of the subscription monies in respect of any Rights Shares to be taken up by the Underwriter as the underwriter to the Rights Issue, in case of under-subscription of the Rights Issue, may be set off against the consideration payable by the Company to China Resources Holdings for the Acquisition.

The Directors (excluding the independent non-executive Directors whose opinion will be subject to the advice of the independent financial adviser) consider that the Set-off Arrangement is fair and reasonable insofar as the Shareholders are concerned.

Assuming none of the Share Options is exercised on or before the Record Date, the estimated cash proceeds of the Rights Issue following payment of the corresponding part of the consideration for the Acquisition pursuant to the Set-off Arrangement will be not less than HK\$55.0 million (assuming all the Underwritten Shares are taken up by the Underwriter pursuant to the Underwriting Agreement), and not more than HK\$1,206.2 million (assuming all the Rights Shares are fully subscribed).

Principal terms of the Underwriting Agreement

| | |
|------------------------------------|---|
| Date: | 21 August 2008 |
| Underwriter: | Splendid Time |
| Number of the Underwritten Shares: | Not less than 1,131,533,368 Underwritten Rights Shares (assuming none of the Share Options is exercised on or before the Record Date); and Not more than 1,132,381,368 Underwritten Rights Shares (assuming all of the Share Options are exercised on or before the Record Date) |

The obligations of the Underwriter in respect of the Underwritten Rights Shares which have not been taken up shall be subject to adjustment in accordance with the provisions of the Underwriting Agreement in relation to Rights Shares procured to be subscribed by the Underwriter in compliance with the terms of the Rights Issue Documents.

Conditions of the Underwriting Agreement

The obligations of the Underwriter under the Underwriting Agreement are conditional upon, among other things:

- (i) the Share Purchase Agreement becoming unconditional and has not been terminated;
- (ii) delivery of the Undertaking Letter duly executed by each of Gold Touch Enterprises Inc, Waterside Holdings Limited, Splendid Time and China Resources Holdings to the Company and the Underwriter, and each of Gold Touch Enterprises Inc, Waterside Holdings Limited, Splendid Time and China Resources Holdings having honoured its obligations to either take up its proportional entitlements to the Rights Shares or to renounce its full entitlement of the Rights Shares in favour of Splendid Time (as appropriate) pursuant to the Undertaking Letter;
- (iii) all necessary approvals, permits, waivers, consents and authorisations having been obtained for the Rights Issue, the provisional allotment and allotment of the Rights Shares;
- (iv) the Stock Exchange granting or agreeing to grant (subject to allotment) listing of, and permission to deal in, all the Rights Shares, in their nil-paid and fully-paid forms, by not later than Friday, 3 October 2008 and Monday, 27 October 2008 respectively and such listing not being revoked prior to 4.00 p.m. on the day which is the third Business Day following the Acceptance Date;
- (v) the delivery on or before the Prospectus Posting Date of one such signed copy of each of the Rights Issue Documents to the Underwriters and the Stock Exchange;
- (vi) the filing and registration on or prior to the Prospectus Posting Date of one such signed copy of each of the Rights Issue Documents (and all other documents required to be attached) with the Registrar of Companies in Hong Kong, complying with the requirements of the Companies Ordinance;
- (vii) the filing on or prior to the Prospectus Posting Date of one such signed copy of each of the Rights Issue Documents (and all other documents required to be attached thereto) with the Registrar of Companies in Bermuda, complying with the requirements of the Companies Act 1981 of Bermuda (as amended);
- (viii) the posting of the Rights Issue Documents to the Qualifying Shareholders on or before the Prospectus Posting Date; and

- (ix) the Underwriting Agreement becoming unconditional and not being terminated by the Underwriter.

If any of the above conditions are not fulfilled or waived on or before the time and date specified therein or, in the absence of such specification, the Allotment Date (or such later time and/or date as the Company and the Underwriter may agree in writing), the Underwriting Agreement shall terminate (save in respect of certain rights or obligations under the Underwriting Agreement) and neither the Company nor the Underwriter shall have any claim against the other parties and the Company shall reimburse the Underwriter all reasonable costs and expenses incurred by it in connection with the Rights Issue.

Termination of the Underwriting Agreement

The Underwriting Agreement contains provisions granting the Underwriter, by notice in writing, the right to terminate the Underwriter's obligations thereunder on the occurrence of certain events. The Underwriter may, in its reasonable discretion, terminate the Underwriting Agreement at any time prior to 5:00 p.m. on the Allotment Date if:

(A) there shall develop, occur, exist or come into effect:

- (i) any new law or regulation or any change or prospective change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong, the PRC and the British Virgin Islands or any other place in which any member of the Group conducts or carries on business; or
- (ii) any change or prospective change in, or any event or series of events resulting or likely to result in any change in local, national or international financial, political, military, industrial, economic, currency or (whether or not sui generis with any of the foregoing) market conditions; or
- (iii) any change or prospective change in the conditions of local, national or international securities markets (including but without limitation, the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise); or
- (iv) any material change in the business or in the financial or trading position or prospects of the Group; or

- (v) any act of God, war, riot, public disorder, any outbreak or escalation of hostilities, declaration of emergency, calamity, crisis, epidemic, terrorism or any event or a series of events beyond the control of the Underwriter; or
- (vi) any suspension in the trading of the Shares on the Stock Exchange; or
- (vii) any litigation against any member of the Group by a third party; or
- (viii) any moratorium on commercial banking activities having been declared by the PRC or Hong Kong authorities,

which, in the reasonable opinion of the Underwriter:

- (x) is likely to have a material adverse effect on the Company or the Group or the Rights Issue; or
- (y) is likely to have a material adverse effect on the success of the Rights Issue or the level of the Rights Shares taken up; or
- (z) is so material as to make it inadvisable or inexpedient for the Company to proceed with the Rights Issue; or

(B) there comes to the notice of the Underwriter:

- (i) any matter or event showing any of the representations and warranties or any undertakings of the Company under the Underwriting Agreement to be untrue or misleading or as having been breached in any respect; or
- (ii) any change or development involving a prospective change in Hong Kong taxation or exchange control which will or may materially and adversely affect the Group or a material proportion of the existing Shareholders in their capacity as such,

then and in any such case the Underwriter may (but shall not be bound to), upon giving notice to the Company, terminate the Underwriting Agreement with immediate effect.

In the event the Underwriter exercise its rights to terminate the Underwriting Agreement, the obligations of the parties shall cease and be null and void and none of the parties shall, save in respect of any right or liability accrued under the Underwriting Agreement before such termination, have any right against or liability towards the others arising out of or in connection with the Underwriting Agreement.

Pursuant to Rule 14A.31(3)(c) of the Listing Rules, the entering into the Underwriting Agreement by the parties constitutes an exempted connected transaction of the Company and is therefore exempt from the reporting, announcement and independent shareholders approval requirements.

If the Underwriter terminates the Underwriting Agreement, the Rights Issue will not proceed. Further announcement will be made if the Underwriting Agreement is terminated by the Underwriter.

D. REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE

The proceeds of HK\$3,869.8 million from the Rights Issue will be applied towards the payment of the consideration for the Acquisition and the costs and expenses relating to the Acquisition and the Rights Issue. As discussed above, the Directors (excluding the independent non-executive Directors whose opinion will be subject to the advice of the independent financial adviser) consider the terms and conditions of the Acquisition and the Share Purchase Agreement are in the interests of the Company and the Shareholders as a whole for the reasons stated above. Accordingly, the Directors (excluding the independent non-executive Directors whose opinion will be subject to the advice of the independent financial adviser) consider that it is fair and reasonable and in the interest of the Company and the Shareholders as a whole to raise the required financing for the Acquisition by way of the Rights Issue as the exercise provides opportunities for the Shareholders to maintain their stakes in the Company and to enjoy the anticipated benefits from the Acquisition.

E. FUND-RAISING ACTIVITIES OF THE GROUP DURING THE PAST TWELVE MONTHS

The Company has not engaged in or initiated any equity fund raising exercise during the past 12 months immediately before the date of this announcement or any rights issue exercise prior to such 12-month period.

F. POSSIBLE CHANGE IN THE SHAREHOLDING STRUCTURE OF THE COMPANY AS A RESULT OF THE RIGHTS ISSUE

As at the date of this announcement, there are a total of 282,883,342 Shares in issue and the Company has 212,000 outstanding vested Share Options entitling the Share Optionholders to subscribe for 212,000 Shares. Save for the outstanding Share Options, there are no other convertible securities, options or warrants in issue which would otherwise confer any right to subscribe for, convert or exchange into the new Shares as at the date of this announcement.

Set out below is the shareholding structure of the Company as at the date of this announcement and the possible shareholding structure immediately after the completion of the Rights Issue:

| | As at the date of this announcement on the assumption as set out in Note 1 | | Immediately after completion of the Rights Issue on the assumption as set out in Note 2 | | Immediately after completion of the Rights Issue on the assumption as set out in Note 3 | |
|--|---|--------------|---|--------------|--|-------------|
| | <i>Number</i> | | <i>Number</i> | | <i>Number</i> | |
| | <i>of Shares</i> | <i>%</i> | <i>of Shares</i> | <i>%</i> | <i>of Shares</i> | <i>%</i> |
| Substantial Shareholders: | | | | | | |
| Gold Touch Enterprises Inc. ("Gold Touch") | 29,722,960 | 10.51 | 148,614,800 | 10.51 | 148,614,800 | 10.51 |
| Waterside Holdings Limited ("Waterside") | 53,534,774 | 18.92 | 267,673,870 | 18.92 | 267,673,870 | 18.92 |
| Splendid Time | 110,968,881 | 39.23 | 554,844,405 | 39.23 | 907,536,913 | 64.16 |
| China Resources Holdings* CRC Bluesky Limited ("CRC Bluesky")* | 194,710,215 | 68.83 | 973,551,075 | 68.83 | 1,326,243,583 | 93.77 |
| China Resources Co., Limited ("CRCL")* | 194,710,215 | 68.83 | 973,551,075 | 68.83 | 1,326,243,583 | 93.77 |
| China Resources National Corp. ("CRN")* | 194,710,215 | 68.83 | 973,551,075 | 68.83 | 1,326,243,583 | 93.77 |
| Directors | | | | | | |
| Mr. Zhou Longshan | 6,000 | 0.0021 | 30,000 | 0.0021 | 6,000 | 0.0004 |
| Mr. Li Fuzuo | 51,000 | 0.0180 | 255,000 | 0.0180 | 51,000 | 0.0036 |
| Mr. Du Wenmin | 54,000 | 0.0191 | 270,000 | 0.0191 | 54,000 | 0.0038 |
| Mr. Wong Tak Shing | 40,000 | 0.0141 | 200,000 | 0.0141 | 40,000 | 0.0028 |
| Public Shareholders | <u>88,022,127</u> | <u>31.12</u> | <u>440,110,635</u> | <u>31.12</u> | <u>88,022,127</u> | <u>6.22</u> |
| Total | <u>282,883,342</u> | <u>100</u> | <u>1,414,416,710</u> | <u>100</u> | <u>1,414,416,710</u> | <u>100</u> |

Notes:

- * Gold Touch, Waterside and Splendid Time each directly holds 29,722,960 Shares, 53,534,774 Shares and 110,968,881 Shares respectively in the Company. Gold Touch, Waterside and Splendid Times are wholly-owned subsidiaries of China Resources Holdings, which is therefore deemed to interested in 194,226,615 Shares of the Company under Part XV of the SFO. In addition, China Resources Holdings directly holds 483,600 Shares in the Company. China Resources Holdings is a wholly-owned subsidiary of CRC Bluesky. CRC Bluesky is a wholly-owned subsidiary of CRCL which in turn is 99.98% owned by CRN. CRC Bluesky, CRCL and CRN are all therefore deemed to be interested in 194,226,615 Shares of the Company under Part XV of the SFO.

1. Assuming none of the Share Options is exercised on or before the Record Date.
2. Assuming (i) none of the Share Options is exercised on or before the Record Date; (ii) all the Shareholders take up their respective provisional allotments of the Rights Shares in full; and (iii) fractional entitlements are sold in the open market or allotted to public shareholders under excess applications.
3. Assuming (i) none of the Share Options is exercised on or before the Record Date; (ii) none of the Shareholders (save for Gold Touch, Waterside, Splendid Time and China Resources Holdings) takes up any provisional allotments of the Rights Shares; and (iii) all the Underwritten Shares are taken up by the Underwriter pursuant to the Underwriting Agreement.

Restoration of Public Float

As shown under the section headed “Possible change in the shareholding structure of the Company as a result of the Rights Issue” above, immediately upon the completion of the Rights Issue, assuming no Rights Issue Shares is taken up by the Independent Shareholders, the public float of the Company will decrease to approximately 6.22%. In this regard, China Resources Holdings has undertaken to dispose of such number of Underwritten Shares to independent third parties to comply with the public float requirements under the Listing Rules in the event that the percentage of public float resulting from completion of the Rights Issue falls below the required minimum percentage under the Listing Rules in respect of the Company. China Resources Holdings shall take appropriate steps/measures to ensure sufficient public float of the Shares upon completion of the Rights Issue.

G. EXPECTED TIMETABLE OF THE RIGHTS ISSUE

The expected timetable for the Rights Issue set out below is for indicative purposes only and it has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled. The expected timetable is subject to change, and any changes will be announced in a separate announcement by the Company as and when appropriate.

| | |
|---|--|
| Last day of dealings in Shares on a cum-rights basis | Monday, 22 September 2008 |
| First day of dealings in Shares on an ex-rights basis | Tuesday, 23 September 2008 |
| Latest time for lodging transfer of Shares in order to qualify for the Rights Issue | 4:30 p.m. on Wednesday, 24 September 2008 |

| | |
|--|---|
| Register of members of the Company closes (both days inclusive) | Thursday, 25 September 2008 to Monday, 29 September 2008 |
| SGM | Monday, 29 September 2008 |
| Record Date | Monday, 29 September 2008 |
| Announcement of results of SGM..... | Tuesday, 30 September 2008 |
| Despatch of the Rights Issue Documents | Tuesday, 30 September 2008 |
| Register of members re-opens | Tuesday, 30 September 2008 |
| First day of dealings in nil-paid Rights Shares..... | Monday, 6 October 2008 |
| Latest time for splitting of nil-paid Rights Shares | 4:30 p.m. on Wednesday, 8 October 2008 |
| Last day of dealings in nil-paid Rights Shares..... | Monday, 13 October 2008 |
| Latest time for acceptance of and payment for the Rights Shares and for application and payment for the excess Rights Shares (<i>Note</i>)..... | 4:00 p.m. on Thursday, 16 October 2008 |
| Latest time for the termination of the Underwriting Agreement and for the Rights Issue to become unconditional | 4:00 p.m. on Monday, 20 October 2008 |
| Announcement of results of the Rights Issue | Thursday, 23 October 2008 |
| Despatch of refund cheques in respect of unsuccessful applications for the excess Rights Shares on or before | Friday, 24 October 2008 |
| Despatch of certificates for fully-paid Rights Shares on or before..... | Friday, 24 October 2008 |
| Commencement of dealings in full-paid Rights Shares | 9:30 a.m. on Tuesday, 28 October 2008 |

Note: If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong on the latest date for acceptance for the offer of Rights Shares at any time between 12:00 noon and 4:00 p.m., the latest acceptance time for the offer of the Rights Shares will be postponed to the next Business Day which does not have either of those warnings in force in Hong Kong at any time between 12:00 noon and 4:00 p.m.

H. WARNING OF THE RISK OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The Shares will be dealt in on an ex-rights basis from Tuesday, 23 September 2008. Dealings in the Rights Shares in the nil-paid form will take place from Monday, 6 October 2008 to Monday, 13 October 2008 (both dates inclusive). If the conditions of the Rights Issue are not fulfilled on or before the Allotment Date (or such later time and/or date as the Company and the Underwriter may determine in writing), the Rights Issue will not proceed.

Any persons contemplating dealing in the Shares prior to the date on which all the conditions of the Rights Issue are fulfilled, and/or dealings in the nil-paid Rights Shares, are accordingly subject to the risk that the Rights Issue may not be unconditional or may not proceed.

Any Shareholders or other persons contemplating dealing in the Shares and/or nil-paid Rights Shares are recommended to consult their own professional adviser(s).

I. ADJUSTMENTS TO THE SHARE OPTIONS GRANTED BY THE COMPANY

The Rights Issue will cause adjustments to the subscription price and the number of Shares to be issued under the outstanding Share Options under the terms of the Share Option Scheme. Adjustments to certain terms of the Share Options shall be made pursuant to the Share Option Scheme and in compliance with Listing Rule 17.03(13). Auditors will be engaged by the Company to confirm to the Directors in writing that such adjustments satisfy the requirements under Listing Rule 17.03(13). The Company will inform the Share Optionholders of the Share Options of such adjustments accordingly by written notice to each of the Share Optionholders.

III. LISTING RULES IMPLICATIONS

The Acquisition constitutes, a very substantial acquisition of the Company under the Listing Rules. Since China Resources Holdings is the controlling shareholder of the Company, holding 68.83% of its issued share capital, the Acquisition also constitutes a connected transaction of the Company under the Listing Rules. As such, the Acquisition and the Share Purchase Agreement are subject to the approval of the Independent Shareholders at the SGM.

The completion of the proposed Rights Issue would increase the issued share capital of the Company by more than 50%. Pursuant to Rule 7.19(6)(a) of the Listing Rules, the Rights Issue is conditional on the approval by the Independent Shareholders in the SGM on a vote taken by way of poll at the SGM and on which China Resources Holding, the controlling shareholder of the Company (as defined in the Listing Rules) and its Associates shall abstain from voting in favour.

China Resources Holdings and any of its Associates and any Shareholders who are interested or involved in the Acquisition and the Rights Issue other than as Shareholders of the Company will abstain from voting in respect of the proposed resolutions to approve these matters. Further details on the matters to be voted on by the Shareholders at the SGM are set out in the section headed “General” in this announcement.

The Independent Board Committee has been constituted to consider the terms of the Share Purchase Agreement and the Rights Issue and to advise and make recommendation to the Independent Shareholders as to how to vote at the SGM on the ordinary resolutions regarding the Transactions. Mr. Wong Tak Shing, Mr. Luk Chi Cheong and Dr. Yang Chonghe, Howard have been appointed by the Board to serve as members of the Independent Board Committee. No member of the Independent Board Committee (including Mr. Wong Tak Shing who is currently interested in 40,000 Shares) has any material interest in the Transactions.

Independent financial adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the transactions contemplated in the Share Purchase Agreement and the Rights Issue.

IV. CHANGE OF NAME

The Board proposes that, subject to the completion of the Transactions, the Company will change its name from “China Resources Logic Limited” to “China Resources Gas Group Limited” and its Chinese name from “華潤勵致有限公司” to “華潤燃氣控股有限公司” to reflect the completion of the Acquisition and to enable the investors and Shareholders to have an easy recognition on the Group’s future principal business activities. The Company proposes to seek the Shareholders’ approval at the SGM to approve the requisite resolution to change its existing name.

The proposed change of name will be subject to the passing of a special resolution by the Shareholders at the SGM and will become effective subject to the approvals (if required) of the Registrar of Companies in Hong Kong and Bermuda.

The change of name will not affect any rights of the Shareholders. All existing share certificates issue bearing the existing name of the Company, will after the change of name becoming effective, continue to be good evidence of title to the Shares and will be valid for trading, settlement and delivery for the same number of shares in the new name of the Company on the Stock Exchange.

A further announcement will be made on the change of name becoming effective.

V. REFRESHMENT OF GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES

At the 2008 AGM held on 5 May 2008, ordinary resolutions were passed whereby general mandates authorising the Directors, amongst other things, to (i) allot, issue and deal with the Shares of the issued share capital of the Company and to make or grant offers, agreements and options which would or might require the exercise of such powers during or after the end of the relevant period which shall not exceed the aggregate of 20% of the nominal amount of the share capital of the Company in issue as at the date of the 2008 AGM (“**Previous Issue Mandate**”) and (ii) repurchase shares of the Company on the Stock Exchange or on any other stock exchange recognised which shall not exceed aggregate of 10% of the nominal amount of the share capital of the Company in issue as at the date of the 2008 AGM (“**Previous Repurchase Mandate**”).

Since the 2008 AGM, the Company has not issued or repurchased any Shares under the Previous Issue Mandate or the Previous Repurchase Mandate.

In view of the enlarged issued share capital of the Company as a result of the Rights Issue, the Directors will seek the approval of the Shareholders at the SGM and at which no Shareholder shall abstain from voting, as permitted by Rule 13.36(4)(e) of the Listing Rules, that subject to the completion of the Transactions, to top-up the general mandate from 56,576,668 Shares to 282,883,342 Shares (representing 20% of the Company's issued share capital as enlarged by the completion of the Rights Issue and assuming none of the Share Options is exercised on or before the Record Date).

Further, the Directors will further seek the approval of the Shareholders at the SGM, as permitted by Rule 10.06(1) of the Listing Rules, that subject to the completion of the Transactions, to repurchase Shares not exceeding 10% of the Company's issued share capital as enlarged by the completion of the Rights Issue, being 141,441,671 Shares (assuming none of the Share Options is exercised on or before the Record Date) ("**New Repurchase Mandate**").

An explanatory statement containing the particulars required by the Listing Rules to enable the Shareholders to make an informed view on whether to vote for or against the resolution for the grant of the general mandate in relation to the New Repurchase Mandate to be proposed at the SGM will be set out in the circular of the Company.

VI GENERAL

1. A circular containing further details of, amongst other things, (i) the Acquisition; (ii) the Rights Issue; (iii) the recommendations of the Independent Board Committee in respect of the Acquisition and the Rights Issue; (iv) a letter of advice from the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition and the Rights Issue; (v) the proposed change of name of the Company; (vi) the proposed grant of refreshment of general mandates to issue Shares and repurchase Shares; and (vii) a notice convening the SGM will be dispatched to the Shareholders as soon as practicable.
2. An SGM will be convened at which resolutions will be proposed to seek the Shareholders' approval of, amongst other things, (i) the Acquisition; (ii) the Rights Issue; (iii) the proposed change of name of the Company and (vi) the proposed grant of refreshment of general mandates to issue Shares and repurchase Shares.
3. It is currently expected that the Company will dispatch the Rights Issue Documents to each of the Qualifying Shareholders and, for information only, the Prospectus to each of the Excluded Shareholders (if any) on or about Tuesday, 30 September 2008.

4. As Completion is subject to the fulfillment of the conditions set out in the Share Purchase Agreement and the Underwriting Agreement, any of the Acquisition and the Rights Issue may or may not proceed. Investors should exercise caution when dealing in the Shares. When in doubt, investors are recommended to consult their professional adviser(s).

VII RESUMPTION OF TRADING

The Company requested trading in the Shares on the Stock Exchange to be suspended from 2:30 p.m. 19 August 2008, pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. Friday, 22 August 2008. The Company has noted the decrease in the price the Shares on 19 August 2008. Save as disclosed in this Announcement, the Company confirms that it is not aware of any reasons for such movement. The Company also confirms that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Rule 13.23 of the Listing Rules, neither is the Company aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

DEFINITIONS

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

- “2008 AGM” : the annual general meeting of the Shareholders held on 5 May 2008;
- “Acceptance Date” : Thursday, 16 October 2008 (or such other date as the Underwriter may agree with the Company as the date for acceptance and payment of the Rights Shares);
- “Acquisition” : the acquisition of the CR Gas Shares by CR Logic from China Resources Holdings pursuant to the terms and conditions under the Share Purchase Agreement;
- “Allotment Date” : the third Business Day after the Underwriter being notified by the Company of the aggregate number of Underwritten Rights Shares which have not been taken up pursuant to the Underwriting Agreement;
- “Associates” : the meaning ascribed to it in the Listing Rules;
- “Board” : the board of Directors;

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| “Business Day” | : | a day (other than a Saturday, a Sunday or a day on which either a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong) upon which the Stock Exchange is open for dealings; |
| “Completion” | : | the completion of the Transactions; |
| “CR Gas” | : | China Resources Gas Limited, a company incorporated in the British Virgin Islands with limited liability, a wholly-owned subsidiary of China Resources Holdings; |
| “CR Gas Group” | : | CR Gas, its subsidiaries and its jointly-controlled entities; |
| “CR Gas Shares” | : | 4 ordinary shares of par value US\$1.00 each, being the entire issued share capital of CR Gas; |
| “CR Logic” or “the Company” | : | China Resources Logic Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange; |
| “CR Logic Group” | : | the Company and its subsidiaries; |
| “China Resources Holdings” | : | China Resources (Holdings) Company Limited, the substantial and controlling shareholder (as defined in the Listing Rules) of CR Logic holding approximately 68.83% of its issued share capital or, where the context requires, the relevant subsidiary or subsidiaries thereof; |
| “China Resources Holdings Group” | : | China Resources Holdings and its subsidiaries; |
| “CNG” | : | compressed natural gas; |
| “Companies Ordinance” | : | the Companies Ordinance (Cap.32 of the Laws of Hong Kong); |
| “Deed of Non-competition” | : | the deed of non-competition, which is a condition precedent to the completion of the Acquisition, to be entered into between the Company and China Resources Holdings; |
| “Director(s)” | : | the directors of the Company; |

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| “EAF(s)” | : | application form(s) for excess Rights Shares; |
| “Excluded Shareholder(s)” | : | the Overseas Shareholder(s) whom the Directors, based on legal opinions provided by legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholder(s) on account either of legal restrictions under the laws of relevant place or the requirements of the relevant regulatory body or stock exchange in such place; |
| “Group” | : | the Company and its subsidiaries; |
| “Hong Kong” | : | the Hong Kong Special Administrative Region of the People’s Republic of China; |
| “Independent Board Committee” | : | an independent board committee of the Company constituted to consider the terms of the Share Purchase Agreement and the Rights Issue and to advise and make recommendations to the Independent Shareholders as to how to vote at the SGM on the ordinary resolutions regarding the Transactions. Mr. Wong Tak Shing, Mr. Luk Chi Cheong and Dr. Yang Chonghe, Howard have been appointed by the Board to serve as members of the Independent Board Committee; |
| “Independent Shareholders” | : | Shareholders other than the controlling shareholder of the Company, namely China Resources Holdings and its Associates; |
| “Last Trading Day” | : | Tuesday, 19 August 2008; |
| “Listing Committee” | : | the listing committee of the board of directors of the Stock Exchange; |
| “Listing Rules” | : | the Rules Governing the Listing of Securities on the Stock Exchange; |
| “LNG” | : | liquefied natural gas; |
| “LPG” | : | liquefied petroleum gas; |
| “Macau” | : | Macau Special Administrative Region of the People’s Republic of China; |

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| “Overseas Shareholder(s)” | : | Shareholder(s) with registered addresses (as shown in the register of members of the Company on the Record Date) outside Hong Kong; |
| “PAL(s)” | : | provisional allotment letter(s) for the Rights Issue; |
| “PRC” | : | the People’s Republic of China, but for the purposes of this announcement only, excluding Hong Kong, Macau and Taiwan; |
| “Prospectus” | : | the prospectus to be issued by the Company in relation to the Rights Issue; |
| “Prospectus Posting Date” | : | Tuesday, 30 September 2008 being the expected date of despatch of the Prospectus; |
| “Qualifying Shareholder(s)” | : | Shareholder(s), other than the Excluded Shareholder(s), whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date; |
| “Record Date” | : | Monday, 29 September 2008, or such other date for determining the entitlement of the Qualifying Shareholders to the Rights Issue; |
| “Redland Concrete” | : | Redland Concrete Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company; |
| “Rights Issue” | : | the proposed issue of the Rights Shares by the Company on the basis of four (4) Rights Shares for every one (1) existing Share held on the Record Date at the Subscription Price pursuant to the terms and conditions under the Rights Issue Documents; |
| “Rights Issue Documents” | : | the Prospectus, the PAL(s) and the EAF(s); |
| “Rights Share(s)” | : | not less than 1,131,533,368 new Shares (assuming none of the Share Options is exercised on or before the Record Date) and not more than 1,132,381,368 new Shares (assuming all of the Share Options are exercised on or before the Record Date) to be issued by the Company under the Rights Issue; |

- “Share Purchase Agreement” : the Share Purchase Agreement between the Company and China Resources Holdings dated 21 August 2008 in relation to the Acquisition;
- “Set-off Arrangement” : the set-off arrangements respectively provided in the Underwriting Agreement (as agreed between the parties to the Underwriting Agreement) and the PAL(s) allowing for the amount of the subscription monies in respect of the Rights Shares taken up by the Underwriter or allotted to and accepted by the Qualifying Shareholders (including China Resources Holdings and its Associates) to be set off against the consideration payable by the Company to China Resources Holdings for the Acquisition and any sums due from the Company to such Qualifying Shareholder under any existing legally valid, binding and enforceable agreement between the Company and such Qualifying Shareholder as determined by the Company, or where the context requires, either one of such arrangements;
- “SFO” : the Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong);
- “SGM” : the special general meeting of the Company to be convened and held for the Shareholders to consider and approve (among other things), if thought fit, the Transactions contemplated under the Transaction Agreements on or around Monday, 29 September 2008;
- “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);
- “Share Optionholder(s)” : holders of outstanding Share Options;

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| “Share Option(s)” | : | share option(s) granted under the Share Option Scheme outstanding as at the date of this announcement and which are exercisable on or before the Record Date; |
| “Share Option Scheme” | : | the share option scheme of the Company adopted on 26 November 2001 and subsequently amended on 21 February 2002; |
| “Splendid Time” | : | Splendid Time Investments Inc., an investment holding company with its sole investment being its approximately 39.2% equity interest in the Company, a wholly-owned subsidiary of China Resources Holdings; |
| “Stock Exchange” | : | The Stock Exchange of Hong Kong Limited; |
| “Subscription Price” | : | HK\$3.42 per Rights Share; |
| “subsidiary” | : | shall have the meaning ascribed to that term in the Listing Rules; |
| “Transaction Agreements” | : | collectively, the Share Purchase Agreement and the Rights Issue Documents; |
| “Transactions” | : | collectively, the Acquisition and the Rights Issue; |
| “Undertaking Letter” | : | the undertaking letter to be provided by China Resources Holdings, Gold Touch Enterprises Inc., Waterside Holdings Limited and Splendid Time to the Company and the Underwriter; |
| “Underwriter” | : | Splendid Time; |
| “Underwriting Agreement” | : | the underwriting agreement dated 21 August 2008 entered into between the Company, the Underwriter and China Resources Holdings in relation to the Rights Issue; |
| “Underwritten Rights Shares” | : | all of the Rights Shares fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement; |
| “Warranties” | : | the representations and warranties given by the Company in the Underwriting Agreement; |

“HK\$” : Hong Kong dollar(s), the lawful currency of Hong Kong; and

“%” : per cent.

By order of the Board of
China Resources Logic Limited
Zhou Longshan
Chairman

Hong Kong, 21 August 2008

As at the date of this announcement, the directors of CR Logic are Mr. Zhou Longshan and Mr. Ong Thiam Kin, being Executive Directors; Mr. Jiang Wei, Mr. Li Fuzuo and Mr. Du Wenmin, being Non-executive Directors; and Mr. Wong Tak Shing, Mr. Luk Chi Cheong and Dr. Yang Chonghe, Howard, being Independent Non-executive Directors.