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

(Incorporated in Bermuda with limited liability)

(Stock Code: 1193)

CONTINUING CONNECTED TRANSACTIONS

The Company wishes to announce that on 27 March, 2009, Zaoyang CR Gas, an indirect wholly owned subsidiary of the Company, entered into the Contract with Xiang Fan CR Gas for the purchase and supply of natural gas from Xiang Fan CR Gas to Zaoyang CR Gas for the period from 21 January, 2009 to 31 December, 2011. Xiang Fan CR Gas is a limited liability company established in the PRC and beneficially owned as to 71.43% by CRH, which is in turn a controlling shareholder of the Company. Xiang Fan CR Gas is therefore a connected person of the Company. Accordingly, the entering into of the Contract between Zaoyang CR Gas and Xiang Fan CR Gas constitutes continuing connected transactions of the Company under the Listing Rules.

As it is expected that one or more of the relevant percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the annual consideration to be paid by the Group under the Contract will exceed 0.1% but less than 2.5%, the Continuing Connected Transactions are subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and are exempted from the independent shareholders' approval requirement under the Listing Rules.

THE CONTRACT

(a) Date

27 March, 2009

(b) Parties

- (i) Zaoyang CR Gas; and
- (ii) Xiang Fan CR Gas.

(c) Transaction Nature

Pursuant to the Contract, Zaoyang CR Gas agrees to purchase and Xiang Fan CR Gas agrees to sell and supply such quantities of natural gas as may be ordered by Zaoyang CR Gas from time to time for supply by Zaoyang CR Gas, in Zaoyang City, Hubei Province of the PRC.

(d) Prices

Subject to the adjustment according to the price prescribed by the Hubei Province Price Bureau, Zaoyang CR Gas agrees to purchase and Xiang Fan CR Gas agrees to sell and supply natural gas at the proposed price of:

- (i) RMB2.45 per standard cubic meter (equivalent to approximately HK\$2.75); or
- (ii) RMB1.84 per standard cubic meter (equivalent to approximately HK\$2.06) if Zaoyang CR Gas arranges for transportation for delivery of the natural gas from the gas station of Xiang Fan CR Gas.

(e) Term

From 21 January 2009 to 31 December 2011.

(f) Payment

Zaoyang CR Gas has to settle the gas fee monthly based on the actual consumption of the natural gas during the month.

CONSIDERATION PURSUANT TO THE CONTRACT

The proposed price per standard cubic meter at which natural gas is to be sold to Zaoyang CR Gas pursuant to the Contract is determined on an arm's length basis by reference to prevailing market price. The terms of the transaction pursuant to the Contract shall be no less favourable than those offered by independent third parties.

The Directors expect that the aggregate of the annual amount of purchases of natural gas by Zaoyang CR Gas from Xiang Fan CR Gas pursuant to the Contract will not exceed the followings:-

Year/Period	Annual Cap (RMB)	Annual Cap (approximate HK\$ equivalent)
21 January, 2009 - 31 December, 2009	RMB 6,370,000	HK\$ 7,139,496
For the year ending 31 December, 2010	RMB 14,700,000	HK\$ 16,475,760
For the year ending 31 December, 2011	RMB 36,750,000	HK\$ 41,189,400

The estimates of purchases under the Contract are based on the estimated quantities of natural gas to be purchased during each relevant period (that is, 2,600,000 m³, 6,000,000 m³ and 15,000,000 m³ for each of the years ending 31 December, 2009, 31 December, 2010 and 31 December, 2011) and multiplying such estimated quantities by the proposed price of RMB2.45 per standard cubic meter of natural gas. Such annual cap are arrived at after taking into account the past consumption of the natural gas, the existing scale and operation of the Group, the anticipated growth and development of natural gas distribution business of the Group, the anticipated growth of the gas users as a result of the expansion of gas pipeline network of the Group by connecting gas pipelines to newly developed areas in Zaoyang City and the anticipated increase in the population of the Zaoyang City.

The Group had no prior transaction with Xiang Fan CR Gas and its ultimate beneficial owners that require aggregation under Rule 14A.25 of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Xiang Fan CR Gas is a limited liability company established in the PRC and beneficially owned as to 71.43% by CRH, which is in turn a controlling shareholder of the Company. Xiang Fan CR Gas is therefore a connected person of the Company. Accordingly, the entering into of the Contract between Zaoyang CR Gas and Xiang Fan CR Gas constitutes continuing connected transactions of the Company under the Listing Rules.

As it is expected that one or more of the relevant percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the annual consideration to be paid by the Group under the Contract will exceed 0.1% but less than 2.5%, the Continuing Connected Transactions are subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and are exempted from the independent shareholders' approval requirement under the Listing Rules.

BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The Directors believe that the Continuing Connected Transactions are consistent with the businesses and commercial objectives of the Group in exploring market opportunities for gas and gas-related products and services in the PRC and that, by entering into the Contract, it would help Zaoyang CR Gas in ensuring a steady and reliable supply of natural gas and thereby facilitating the Group's business in tapping the market for natural gas in Zaoyang City, Hubei Province of the PRC, an area which the Directors believe is the heartland of central China.

GENERAL

The Group is primarily engaged in the business of gas distribution in the PRC. Xiang Fan CR Gas is engaged in the business of manufacturing and supply of natural gas in the PRC.

The Directors, including independent non-executive Directors, consider that the Continuing Connected Transactions are and will be conducted in ordinary course of business of the Group, on normal commercial terms and are fair and reasonable and in the interest of the Company and its shareholders as a whole.

DEFINITIONS

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

“Board”	the board of Directors;
“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;
“Continuing Connected Transactions”	the continuing connected transactions pursuant to the Contract;
“Contract”	the framework contract dated 27 March, 2009 and entered into between Zaoyang CR Gas and Xiang Fan CR Gas, which is more particularly described under the section “The Contract” of this announcement;

“CRH”	China Resources (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries (as defined in the Companies Ordinance, Chapter 32 of the Laws of Hong Kong);
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC;
“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Xiang Fan CR Gas”	襄樊華潤燃氣有限公司 (translated as Xiang Fan China Resources Gas Limited)*, a limited liability company established in the PRC and a non-wholly owned subsidiary of CRH; and
“Zaoyang CR Gas”	棗陽華潤燃氣有限公司 (translated as Zaoyang China Resources Gas Limited)*, a limited liability company established in the PRC and an indirect wholly owned subsidiary of the Company.

By the order of the Board of
China Resources Gas Group Limited
Ong Thiam Kin
Executive Director

Hong Kong, 27 March, 2009

As at the date of this announcement, the directors of the Company are Mr. Ma Guoan, Mr. Wang Chuandong and Mr. Ong Thiam Kin, being Executive Directors; Mr. Li Fuzuo, Mr. Du Wenmin and Mr. Wei Bin, being Non-executive Directors; and Mr. Wong Tak Shing, Mr. Luk Chi Cheong and Dr. Yang Chonghe, Howard, being Independent Non-executive Directors.

For the purposes of this announcement, unless otherwise specified, conversions of RMB into Hong Kong dollars are based on the approximate exchange rate of RMB1.00 to HK\$1.1208, 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.*