



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

CR GAS TO ACQUIRE A CITY GAS DISTRIBUTION BUSINESS TO ENHANCE MARKET PENETRATION IN SHANDONG AND ZHEJIANG

China Resources Gas Group Limited (“CR Gas” or the “Company”, stock code: 1193, together with its subsidiaries, the “Group”) entered into a sale and purchase agreement (“Agreement”) with Wing Mou Oil Company Limited and Winfield Petrochemical Limited on 16 March 2011 to acquire 100 per cent equity interests in Flemming Limited (“Flemming”) for RMB353 million. The acquisition will enable the Group to benefit from Flemming’s well-established operations in Shandong Province and Zhejiang Province and immediately contribute to the Group’s earnings.

Flemming together with its jointly controlled entities and subsidiaries (the “Flemming Group”) is principally engaged in the construction, infrastructure design and operation of city gas pipelines, gas facilities repair and maintenance, technical support, gas selling and distribution, construction of natural gas station, production of liquefied natural gas, the provision of related equipment, apparatus and other ancillary services in Shandong Province and Zhejiang Province.

As at 31 December 2010, the unaudited combined net asset value of Flemming Group was approximately RMB162 million. Flemming Group’s unaudited combined net profits after tax and extraordinary items for the years ended 31 December 2009 and 31 December 2010 were RMB29 million and RMB31 million respectively.

“With the establishment of two liquefied natural gas receiving terminals in Shandong Province and Zhejiang Province by China Petroleum and Chemical Corporation and China National Offshore Oil Corporation, the two provinces will see a significant increase in gas supply. Shandong Province and Zhejiang Province have huge development potential and are among our key target markets to achieve accelerated business growth in the coming years. With Flemming Group’s completed pipeline systems in the relevant areas and established business operations, this acquisition will immediately broaden our revenue base in Shandong Province and Zhejiang Province,” said Ma Guoan, Chairman of CR Gas.

“The Group has been active in seeking business opportunities to expand its core business of city gas distribution in the PRC. We believe that the acquisition will lay a solid platform for us to expand our local markets in Shandong Province and Zhejiang Province, and create synergistic value with our existing gas operations in these provinces,” added Mr Ma.

Pursuant to the Agreement, the consideration will be settled in cash by the Group in three instalments and the payment of the consideration is subject to certain requirements stipulated in the Agreement. The consideration amount is also subject to adjustment according to the audited combined net asset value of the Flemming Group for the period from 1 January 2010 up to the completion date of the acquisition. The consideration will be funded by the Group’s internal resources.

About CR Gas

CR Gas is principally engaged in downstream city gas distribution business including piped natural or petroleum gas, CNG (compressed natural gas) filling stations and bottled LPG (liquefied petroleum gas) distribution. Its piped natural gas operations are strategically located in areas of China with rich reserves of natural gas and areas which are economically more developed and densely populated. CR Gas aspires to become a respected market leader in downstream city gas distribution business in China.

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