



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

CR GAS PROPOSES TO ACQUIRE A CONTROLLING STAKE IN ZHENGZHOU GAS THROUGH A JV WITH ZHENGZHOU SASAC

China Resources Gas Group Limited (“CR Gas” or the “Company”, together with its subsidiaries, the “Group”, stock code: 1193) and State-owned Assets Supervision and Administration Commission of Zhengzhou Municipality (“Zhengzhou SASAC”) entered into agreements (“Agreements”) on 25 November 2009 regarding the acquisition of the controlling interests in Zhengzhou Gas Company Limited (“Zhengzhou Gas”, stock code: 3928) via the establishment of a joint venture (“JV”) with Zhengzhou SASAC. Through such cooperation, the Group will be able to broaden its market coverage and customer base in Henan province.

Pursuant to the Agreements, the Group will contribute a total of RMB760 million to the establishment of the JV, whereas Zhengzhou SASAC will contribute RMB190 million through the injection of assets and equity interest in two PRC gas companies relating to the piped gas business. Upon its establishment, the JV will be held as to 80 per cent by the Group and 20 per cent by Zhengzhou SASAC.

According to the Agreements, the JV will acquire from Zhengzhou SASAC 54,041,510 domestic shares or approximately 43.18 per cent of the issued share capital of Zhengzhou Gas for a consideration of approximately RMB421.7 million. This together with a staff compensation of RMB35 million payable to staff of Zhengzhou Gas and Zhengzhou Gas Group Co., Ltd. by CR Gas, amounts to RMB 456.7 million, equivalent to RMB8.45 or approximately HK\$9.60 per domestic share. This will lead to a change in control of Zhengzhou Gas under the Takeover Code and therefore a mandatory general offer will be made to the shareholders of Zhengzhou Gas.

These transactions shall require the consent of the various regulatory authorities in the PRC and Hong Kong including the Securities and Futures Commission and are subject to the approval of the independent shareholders of Zhengzhou Gas.

Upon full implementation of the potential cooperation between the Group and Zhengzhou SASAC, the JV will hold a controlling interest in Zhengzhou Gas, 17.37 per cent equity interest in Zhengzhou City Zhengran Gas Design Development Co., Ltd., and 100 per cent equity interest in Nanyang Zhengran Natural Gas Co., Ltd.

“It has always been the intention of the Group, since its first acquisition of city gas distribution business in 2008, to expand rapidly into the city gas distribution sector in the PRC and to capture the increase in domestic demand for natural gas. City gas distribution business has provided stable cash flows as well as a platform for higher growth potential for the Group,” said Mr Ma Guoan, Chairman of CR Gas.

“Through the establishment of the JV with Zhengzhou SASAC, the Company believes that it can leverage the market coverage of the Group and Zhengzhou Gas in the gas industry in the PRC to further expand its market share into the down stream gas industry and strengthening its customer and earning base into different regions in the PRC, particularly in Henan Province,” added Mr Ma.

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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