

Press Release

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

CR GAS ACQUIRES WUHAN PIPED NATURAL GAS DISTRIBUTOR TO SPEARHEAD ITS EXPANSION OF CITY GAS DISTRIBUTION BUSINESS INTO CENTRAL CHINA

China Resources Gas Group Limited (“CR Gas” or the “Company”, stock code: 1193) today announced that the Company has entered into an equity transfer agreement to acquire a 51 per cent interest in a piped natural gas distributor in Wuhan, capital of Hubei Province, the People’s Republic of China (“the PRC”) for a consideration of RMB265 million (equivalent to approximately HK\$300.67 million). This is the latest move of the Company to further strengthen its city gas distribution operations in the PRC.

On 9 January 2009, the Company’s wholly-owned subsidiary, Kileen Holdings Limited (“Kileen Holdings”), entered into an equity transfer agreement (“agreement”) with an independent third party (“vendor”) to acquire 51 per cent equity interest in Wuhan Tongbao Gas Development Co. Ltd. (“Wuhan Tongbao”) for RMB265 million. The consideration will be funded by internal resources of the Company.

Pursuant to the agreement, Wuhan Tongbao will become a sino-foreign equity joint venture and change its name to Wuhan China Resources Tongbao Gas Co. Ltd., subject to the approval of the relevant PRC authorities and completion of certain procedures.

Kileen Holdings and the vendor agreed that within six months after the establishment of the joint venture, each of the then existing shareholders of Wuhan Tongbao shall make further capital contributions in an amount proportionate to their then shareholdings for increasing the registered capital of Wuhan Tongbao from RMB51.3 million to RMB100 million. Such increase in capital contribution is subject to approval from the relevant PRC authorities. After the proposed increase in capital contribution, the Company’s shareholding in Wuhan Tongbao will remain at 51 per cent.

Incorporated in May 2002, Wuhan Tongbao provides natural gas related products and services. Upon completion of the acquisition, Wuhan Tongbao will become a subsidiary of the Company and is expected to be principally engaged in the manufacture and sale of gas and provision of

other gas-related goods and services in Wuhan.

“The Group has been actively seeking investment opportunities so as to increase the return from the Group's city gas distribution investment portfolio and enhance the Group's business. The acquisition of Wuhan Tongbao reiterates our determination in expanding city gas distribution business in the PRC. With Wuhan Tongbao, the Group will be able to spearhead its expansion into central China via its market presence in Wuhan, through which the Group can tap the vast potential of central China region,” said Mr Ma Guoan, Chairman of CR Gas.

“The West-to-East Phase II natural gas pipeline and the Sichuan-to-East natural gas pipeline are both expected to reach Wuhan in the near future. Once this happens, the natural gas distribution business of Wuhan Tongbao will grow exponentially,” added Mr Ma.

About CR Gas

CR Gas is principally engaged in 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 city gas distribution business in China.

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