

Press Release

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

CR GAS TO EXPAND INTO SOUTH-WESTERN CHINA GAS DISTRIBUTION VIA INVESTMENT OF RMB128 MILLION IN A KUNMING JOINT VENTURE

China Resources Gas Group Limited (“CR Gas” or the “Company”, together with its subsidiaries, the “Group”; stock code: 1193) is strategically expanding its city gas distribution business in fast growing cities of the People’s Republic of China (“PRC”). The Group proposes to establish a joint venture for the distribution of gas with a PRC gas-related goods and services provider, Kunming Gas Group Company Limited (昆明煤氣(集團)控股有限公司)(“JV partner”) in Kunming, the provincial capital of Yunnan province. This will be the second investment in city gas distribution business that CR Gas announced in January, following the proposed acquisition of a majority stake in a Wuhan piped gas distributor early this month.

On 22 January 2009, the Company, through its subsidiary Kileen Holdings Limited (“Kileen”), entered into a proposed Sino-foreign equity joint venture arrangement with the JV Partner, for the establishment of a joint venture company (“JV company”), which is proposed to be named as “Kunming China Resources Gas Co. Ltd (昆明華潤燃氣有限公司). Kileen will make a cash capital contribution of RMB128 million for a 64 per cent equity interest in the JV company. The cash capital contribution will be funded by internal resources of the Company and bank borrowings to be arranged by the Company.

The JV company will engage in the manufacturing and sale of gas and provision of other gas-related goods and services in the area of the Xincheng (District) of Kunming City (昆明市新城(區)). The Company intends to use this JV company as a base to expand the Group’s business into the south-western region of the PRC.

“The JV company will enable the Group to further tap into market opportunities for gas and gas-related products and services and to expand its market presence in Kunming. On top of this, the board of directors of the Company believes Xincheng (District) of Kunming possesses significant potential for the development of gas and gas-related products and services. The expansion into Kunming fits perfectly with the Group’s overall city gas distribution strategy in the PRC,” said Mr Ma Guoan, Chairman of CR Gas.

Page 1 of 2

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A Hong Kong Listed Member of CR Holdings

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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