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**鄭州華潤燃氣股份有限公司**

Zhengzhou China Resources Gas Co., Ltd.\*

*(a joint stock limited company incorporated in the People's Republic of China)*

**(Stock Code: 3928)**

## **CONTINUING CONNECTED TRANSACTIONS**

The Board announces that on 26 October 2011, the Company entered into the LNG Sale and Purchase Contract and the Gas Transportation Contract with Nanjing CR Gas for the purchase of LNG from and the provision of gas transportation service by Nanjing CR Gas respectively.

Pursuant to the LNG Sale and Purchase Contract, the Company agreed to purchase LNG from Nanjing CR Gas for a term commencing from 15 October 2011 and ending on 31 December 2013. The LNG purchase volume and price shall be determined monthly after arm's length negotiation between the Company and Nanjing CR Gas. The LNG purchase price shall be settled on the 5th, 15th, 25th day of each month, and the payments shall be satisfied by internally generated fund and made by bank transfer.

Pursuant to the Gas Transportation Contract, Nanjing CR Gas agreed to provide LNG transportation service to the Company for a term commencing from 15 October 2011 and ending on 31 December 2013. The transportation fees shall be determined monthly after arm's length negotiation between the Company and Nanjing CR Gas. The transportation fees shall be settled on the 5th, 15th, 25th day of each month, and the payments shall be satisfied by internally generated fund and made by bank transfer.

The LNG purchase price payable by the Company under the LNG Sale and Purchase Contract will be determined by making reference to the then prevailing market price of LNG in the PRC, while the transportation fees payable by the Company under the Gas Transportation Contract will be determined based on the distance of transportation and the then prevailing market price of the fuel to be used for transportation purposes.

The Directors estimate that the aggregate LNG purchase price and transportation fees under the LNG Sale and Purchase Contract and the Gas Transportation Contract for the two and a half months ending 31 December 2011 and each of the two years ending 31 December 2013 will not exceed RMB16,580,000, RMB27,490,000 and RMB35,090,000 respectively. The estimated caps were determined after considering (i) the estimated market demand of LNG; (ii) the estimated price of LNG based on the historical growth rate of the price of LNG; and (iii) the estimated transportation fees to be charged by Nanjing CR Gas.

Nanjing CR Gas is a subsidiary of CR Gas which indirectly holds approximately 56.87% of the registered share capital of the Company. Therefore, Nanjing CR Gas is considered as a Connected Person of the Company under the Listing Rules. As a result, the transactions under the LNG Sale and Purchase Contract and the Gas Transportation Contract constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that each of the applicable percentage ratios (other than the profits ratio) calculated under Rule 14.07 of the Listing Rules with reference to the aggregate LNG purchase price and transportation fees under the LNG Sale and Purchase Contract and the Gas Transportation Contract is greater than 0.1% but less than 5% on an annual basis, the transactions under the LNG Sale and Purchase Contract and the Gas Transportation Contract fall within Rule 14A.34 of the Listing Rules and are therefore exempt from the independent Shareholders' approval requirement, and they are only subject to the reporting and announcement requirements as set out in Rules 14A.45 to 14A.47 of the Listing Rules and the annual review requirements as set out in Rules 14A.37 to 14A.40 of the Listing Rules.

## **CONTINUING CONNECTED TRANSACTIONS**

The Board announces that on 26 October 2011, the Company entered into the LNG Sale and Purchase Contract and the Gas Transportation Contract with Nanjing CR Gas for the purchase of LNG from and the provision of gas transportation service by Nanjing CR Gas respectively. The principal terms and conditions of the LNG Sale and Purchase Contract and the Gas Transportation Contract are as follows:

### **Date:**

26 October 2011

### **Parties:**

- (a) the Company
- (b) Nanjing CR Gas

### **Terms:**

Pursuant to the LNG Sale and Purchase Contract, the Company agreed to purchase LNG from Nanjing CR Gas for a term commencing from 15 October 2011 and ending on 31 December 2013. The LNG purchase volume and price shall be determined monthly after arm's length negotiation between the Company and Nanjing CR Gas. The LNG purchase price shall be settled on the 5th, 15th, 25th day of each month, and the payments shall be satisfied by internally generated fund and made by bank transfer.

Pursuant to the Gas Transportation Contract, Nanjing CR Gas agreed to provide LNG transportation service to the Company for a term commencing from 15 October 2011 and ending on 31 December 2013. The transportation fees shall be determined monthly after arm's length negotiation between the Company and Nanjing CR Gas. The transportation fees shall be settled on the 5th, 15th, 25th day of each month, and the payments shall be satisfied by internally generated fund and made by bank transfer.

### **Annual Caps:**

The LNG purchase price payable by the Company under the LNG Sale and Purchase Contract will be determined by making reference to the then prevailing market price of LNG in the PRC, while the transportation fees payable by the Company under the Gas Transportation Contract will be determined based on the distance of transportation and the then prevailing market price of the fuel to be used for transportation purposes.

The Directors estimate that the aggregate LNG purchase price and transportation fees under the LNG Sale and Purchase Contract and the Gas Transportation Contract for the two and a half months ending 31 December 2011 and each of the two years ending 31 December 2013 will not exceed RMB16,580,000, RMB27,490,000 and RMB35,090,000 respectively. The estimated caps were determined after considering (i) the estimated market demand of LNG; (ii) the estimated price of LNG based on the historical growth rate of the price of LNG; and (iii) the estimated transportation fees to be charged by Nanjing CR Gas.

The LNG Sale and Purchase Contract and the Gas Transportation Contract were negotiated and entered into on an arm's length basis and in the ordinary course of business of the contract parties. The terms and conditions are on normal commercial terms and no less favourable than those obtained from Independent Third Parties by the contract parties.

### **Reasons for the Transactions:**

The Company is principally engaged in the sales of natural gas to residential, commercial, industrial and vehicular users. Therefore, the entering into of the LNG Sale and Purchase Contract and the Gas Transportation Contract are within the business scope of the Company. The LNG to be purchased from Nanjing CR Gas is a new and stable source of gas supply to the Company and it helps to ease the shortage of natural gas supply in winter, the peak period of gas consumption.

The INED Committee considers that the entering into of the LNG Sale and Purchase Contract and the Gas Transportation Contract is in the ordinary course of business of the Company and can benefit the Group by solving the problem about shortage of gas supply. The INED Committee also considers that the terms of the LNG Sale and Purchase Contract and the Gas Transportation Contract are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

### **Listing Rules Implications of the Contracts:**

Nanjing CR Gas is a subsidiary of CR Gas which indirectly holds approximately 56.87% of the registered share capital of the Company. Therefore, Nanjing CR Gas is considered as a Connected Person of the Company under the Listing Rules. As a result, the transactions under the LNG Sale and Purchase Contract and the Gas Transportation Contract constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that each of the applicable percentage ratios (other than the profits ratio) calculated under Rule 14.07 of the Listing Rules with reference to the aggregate LNG purchase price and transportation fees under the LNG Sale and Purchase Contract and the Gas Transportation Contract is greater than 0.1% but less than 5% on an annual basis, the transactions under the LNG Sale and Purchase Contract and the Gas Transportation Contract fall within Rule 14A.34 of the Listing Rules and are therefore exempt from the independent Shareholders' approval requirement, and they are only subject to the reporting and announcement requirements as set out in Rules 14A.45 to 14A.47 of the Listing Rules and the annual review requirements as set out in Rules 14A.37 to 14A.40 of the Listing Rules.

The INED Committee has confirmed that none of the independent non-executive Directors has a material interest in the transactions contemplated under the LNG Sale and Purchase Contract and the Gas Transportation Contract. Accordingly, none of them is required to abstain from voting on the relevant resolution to approve the LNG Sale and Purchase Contract and the Gas Transportation Contract.

## General Information:

The Company is principally engaged in the sales of natural gas to residential, commercial, industrial and vehicular customers.

Nanjing CR Gas is principally engaged in the sales of liquefied gas in the PRC.

## Definitions:

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

“Board”	the board of Directors
“Company”	鄭州華潤燃氣股份有限公司 (Zhengzhou China Resources Gas Company Limited*), a joint stock limited company incorporated in the PRC, the H shares of which are listed on the main board of the Stock Exchange
“Connected Person”	has the same meaning ascribed thereto in the Listing Rules
“CR Gas”	China Resources Gas Group Limited (華潤燃氣控股有限公司), a limited liability company incorporated in Bermuda, the shares of which are listed on the main board of the Stock Exchange (Stock Code:1193)
“Directors”	the directors of the Company
“Domestic Share(s)”	Ordinary unlisted shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for in RMB
“Gas Transportation Contract”	the non-pipeline transmission gas transportation contract entered into between the Company and Nanjing CR Gas on 26 October 2011 in relation to the provision of gas transportation service by Nanjing CR Gas
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“H Share(s)”	the overseas listed foreign share(s) of the Company which are listed on the main board of the Stock Exchange with a nominal value of RMB1.00 each
“Independent Third Party”	a third party which, together with its beneficial owner(s) (if any) and to the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, is independent from the Company and its Connected Persons

“INED Committee”	the committee of independent non-executive Directors which is formed by all the independent non-executive Directors, namely Mr. Yu Jingsong, Mr. Zhang Jianqing, Ms. Wang Xiuli and Mr. Wong Ping
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange, as amended from time to time
“LNG”	liquefied natural gas
“LNG Sale and Purchase Contract”	the LNG Sale and Purchase Contract entered into between the Company and Nanjing CR Gas on 26 October 2011 for the purchase of LNG from Nanjing CR Gas
“Nanjing CR Gas”	南京華潤燃氣有限公司 (Nanjing China Resources Gas Company Limited*), a company incorporated in the PRC with limited liability and is principally engaged into the sales of liquefied gas in the PRC
“PRC”	the People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Shareholders”	holders of the Shares, including holders of the Domestic Shares and the H Shares, unless specified otherwise
“Shares”	shares of the Company with a nominal value of RMB1.00 each, including the Domestic Shares and the H Shares, unless specified otherwise
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“RMB”	Renminbi, the lawful currency of the PRC

By Order of the Board  
**Zhengzhou China Resources Gas Company Limited\***  
**Yan Guoqi**  
*Chairman*

Zhengzhou, the PRC  
26 October 2011

*As at the date of this announcement, the Board of Directors of the Company comprises three executive Directors, namely Mr. Yan Guoqi, Mr. Yang Changyi and Mr. Li Hongwei, four non-executive Directors, namely Mr. Zhang Wushan, Mr. Li Yantong, Mr. Ding Ping and Mr. Liu Jianwen and four independent non-executive Directors, namely Mr. Yu Jingsong, Mr. Zhang Jianqing, Ms. Wang Xiuli and Mr. Wong Ping.*

\* For identification purposes only