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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 28 November 2011, the Engineering Company entered into the Master Construction Contracts with each of CR Gas and CR Gas Holdings for the provision of gas pipelines and facilities construction and installation services to the CR Gas Associates and the CR Gas Holdings Associates respectively.

The Directors estimate that the aggregate contract sums under the Master Construction Contracts for the two months ending 31 December 2011 and for the year ending 31 December 2012 will not exceed RMB69,500,000 and RMB72,000,000 respectively. The estimated caps were determined after arm's length negotiations between the Engineering Company, and CR Gas and CR Gas Holdings (as the case may be) after considering (i) the estimated number of construction projects offered by CR Gas and CR Gas Holdings (as the case may be) that will be engaged by the Engineering Company; (ii) the expected cost and expenditures to be incurred by the Engineering Company on each of such construction projects; (iii) the estimated scale of such construction projects based on historical data; (iv) the average contract sum of previous and similar construction projects engaged by the Engineering Company; and (v) the production capacity of the Engineering Company.

The Master Construction Contracts 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 (including but not limited to the estimated contract sum) are on normal commercial terms and no less favourable than those obtained from Independent Third Parties by the contract parties.

CRH indirectly holds approximately 70.84% of the equity interests of CR Gas, which in turn indirectly holds approximately 56.87% of the registered share capital of the Company. Therefore, both CRH and CR Gas are indirect Controlling Shareholders of the Company. CR Gas Holdings is an indirect wholly-owned subsidiary of CRH. Therefore, CRH, CR Gas, CR Gas Holdings, the CR Gas Associates and the CR Gas Holdings Associates are considered as Connected Persons of the Company under the Listing Rules. As a result, the transactions under the Master Construction Contracts constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As previously disclosed in the announcement of the Company dated 6 April 2011, the Engineering Company had entered into the Changle Construction Contract, the Fuqing Construction Contract and the Huaibei Regular Installation Project Contract with different associates of CR Gas and CR Gas Holdings during this year. Therefore, the transactions under the Master Construction Contracts will be regarded as a series of transactions and the contract sums under these three construction contracts in the amount of approximately RMB2,628,000 will be aggregated with that under the Master Construction Contracts in accordance with 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 contract sums under the Changle Construction Contract, the Fuqing Construction Contract, the Huaibei Regular Installation Project Contract and the Master Construction Contracts is greater than 0.1% but less than 5% on an annual basis, the transactions under the Master Construction Contracts 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.

CONTINUING CONNECTED TRANSACTIONS

The Board announces that on 28 November 2011, the Engineering Company entered into the Master Construction Contracts with each of CR Gas and CR Gas Holdings for the provision of gas pipelines and facilities construction and installation services to the CR Gas Associates and the CR Gas Holdings Associates respectively. The principal terms and conditions of the Master Construction Contracts are detailed as follows:

Date:

28 November 2011

Parties:

- (a) the Engineering Company
- (b) CR Gas and CR Gas Holdings (as the case may be)

Terms:

Pursuant to the Master Construction Contracts, the Engineering Company agreed to provide gas pipelines and facilities construction and installation services to the CR Gas Associates and the CR Gas Holdings Associates (as the case may be). The gas pipelines and facilities construction and installation services include the construction of gas pipelines for residential, commercial and industrial users, the high and middle pressure gas pipelines, different kinds of gas stations such as pressure regulating stations, gas receiving stations, gas refilling stations, CNG stations, LNG stations, storage stations, etc.

The Engineering Company will obtain construction projects from the CR Gas Associates and/or the CR Gas Holdings Associates by bidding tenders or having direct negotiations with them. Separate formal construction contracts will then be entered into with CR Gas Associates and CR Gas Holdings Associates (as the case may be) for each of such construction projects.

Under the Master Construction Contracts, each of CR Gas and CR Gas Holdings has agreed to procure the CR Gas Associates and the CR Gas Holdings Associates (as the case may be) to comply with the following obligations:

1. separate formal construction contracts for each construction project shall be entered into with the Engineering Company and the rights and obligations of the contract parties should be clearly stipulated in the formal construction contracts;
2. the rights and obligations of the contract parties should comply with the terms of the Master Construction Contracts;
3. the terms and conditions of each separate formal construction contract, including but not limited to the contract sum, should be entered into in the normal course of business of the contract parties, on normal commercial terms, no less favourable than those obtained from Independent Third Parties and with reference to the market practices, industry standards and the relevant regulations of the relevant jurisdiction or province;
4. each separate formal construction contract should be made after an arm's length negotiation;
5. each separate formal construction contract should have a term not exceeding 3 years.

Annual Caps:

The Directors estimate that the aggregate contract sums under the Master Construction Contracts for the two months ending 31 December 2011 and for the year ending 31 December 2012 will not exceed RMB69,500,000 and RMB72,000,000 respectively. The estimated caps were determined after arm's length negotiations between the Engineering Company, and CR Gas and CR Gas Holdings (as the case may be) after considering (i) the estimated number of construction projects offered by CR Gas and CR Gas Holdings (as the case may be) that will be engaged by the Engineering Company; (ii) the expected cost and expenditures to be incurred by the Engineering Company on each of such construction projects; (iii) the estimated scale of such construction projects based on historical data; (iv) the average contract sum of previous and similar construction projects engaged by the Engineering Company; and (v) the production capacity of the Engineering Company.

The Master Construction Contracts 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 (including but not limited to the estimated contract sum) 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 Engineering Company is principally engaged in the construction and installation of gas pipelines and facilities. Therefore, the entering into of the Master Construction Contracts is within the business scope of the Engineering Company and is expected to increase the pipelines construction revenue and profit of the Group. In addition, the Master Construction Contracts provide a framework to standardize the provisions of the construction contracts to be entered into with the CR Gas Associates and the CR Gas Holdings Associates. This can assist the Group to manage its construction contracts efficiently and speed up the whole bidding or negotiation process.

The INED Committee considers that the entering into of the Master Construction Contracts is in the ordinary course of business of the Engineering Company and can benefit the Group by improving the efficiency of contract management. The INED Committee also considers that the terms of the the Master Construction Contracts are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

Listing Rules Implications of the Master Construction Contracts:

CRH indirectly holds approximately 70.84% of the equity interests of CR Gas, which in turn indirectly holds approximately 56.87% of the registered share capital of the Company. Therefore, both CRH and CR Gas are indirect Controlling Shareholders of the Company. CR Gas Holdings is an indirect wholly-owned subsidiary of CRH. Therefore, CRH, CR Gas, CR Gas Holdings, the CR Gas Associates and the CR Gas Holdings Associates are considered as Connected Persons of the Company under the Listing Rules. As a result, the transactions under the Master Construction Contracts constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As previously disclosed in the announcement of the Company dated 6 April 2011, the Engineering Company had entered into the Changle Construction Contract, the Fuqing Construction Contract and the Huaibei Regular Installation Project Contract with different associates of CRH during this year. Therefore, the transactions under the Master Construction Contracts will be regarded as a series of transactions and the contract sums under these three construction contracts in the amount of approximately RMB2,628,000 will be aggregated with that under the Master Construction Contracts in accordance with 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 contract sums under the Changle Construction Contract, the Fuqing Construction Contract, the Huaibei Regular Installation Project Contract and the Master Construction Contracts is greater than 0.1% but less than 5% on an annual basis, the transactions under the Master Construction Contracts 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.

The INED Committee has confirmed that none of the independent non-executive Directors has a material interest in the transactions contemplated under the Master Construction Contracts. Accordingly, none of them is required to abstain from voting on the relevant resolution to approve the Master Construction Contracts.

General Information:

The Engineering Company is principally engaged in the construction and installation of gas pipelines and facilities.

CR Gas and CR Gas Holdings are principally engaged in the investment and management of gas distribution companies in different cities in the PRC.

Definitions:

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

“associate”	has the same meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Change Construction Contract”	the construction contract entered into between the Engineering Company and Fuzhou CR Gas on 3 March 2011
“CNG”	compressed natural gas
“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
“Controlling Shareholder”	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)
“CR Gas Associates”	the associates of CR Gas. These associates are gas companies which are mainly engaged in the sales of gas in different cities of the PRC
“CR Gas Holdings”	China Resources Gas (Holdings) Company Limited (華潤燃氣(集團)有限公司), a company with limited liability which is an indirect wholly-owned subsidiary of CRH
“CR Gas Holdings Associates”	the associates of CR Gas Holdings. These associates are gas companies which are mainly engaged in the sales of gas in different cities of the PRC
“CRH”	China Resources (Holdings) Company Limited (華潤(集團)有限公司), a company incorporated in Hong Kong with limited liability, which is an indirect parent company of the Company
“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

“Engineering Company”	鄭州燃氣工程建設有限公司 (Zhengzhou Gas Engineering and Construction Company Limited*), a company incorporated in the PRC with limited liability and a subsidiary of the Company
“Fuqing Construction Contract”	the construction contract entered into between the Engineering Company and Fuqing Gas on 3 March 2011
“Fuqing Gas”	福清市融焰管道燃氣有限公司 (Fuqing Rongyan Pipelined Gas Company Limited*), a company incorporated in the PRC with limited liability and is principally engaged into the sales of gas in Fuqing City
“Fuzhou CR Gas”	福州華潤燃氣有限公司 (Fuzhou China Resources Gas Company Limited*), a company incorporated in the PRC with limited liability and is principally engaged into the sales of gas in Fuzhou City
“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
“Huaibei CR Gas”	淮北華潤燃氣有限公司 (Huaibei China Resources Gas Company Limited*), a company incorporated in the PRC with limited liability and CRH indirectly holds approximately 57.11% of its equity interest
“Huaibei Regular Installation Project Contract”	the service contract entered into between the Engineering Company and Huaibei CR Gas on 6 April 2011 for the provision of gas pipelines installation, construction, renovation, follow-up repairs and maintenance services in Huaibei City by the Engineering Company
“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

“Master Construction Contracts”	the gas pipelines and facilities construction and installation master contracts entered into between the Engineering Company, and each of CR Gas and CR Gas Holdings on 28 November 2011 for the provision of gas pipelines and facilities construction and installation services to the CR Gas Associates and the CR Gas Holdings Associates respectively
“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
28 November 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