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



**鄭州華潤燃氣股份有限公司**  
Zhengzhou China Resources Gas Co., Ltd.\*

(Incorporated in Bermuda with limited liability) (a joint stock limited company incorporated in the  
People's Republic of China)  
(Stock Code: 1193) (Stock Code: 3928)

## **JOINT ANNOUNCEMENT**

### **Proposed privatisation and withdrawal of listing of the H Shares of Zhengzhou China Resources Gas Co., Ltd.**

**Voluntary conditional offer  
by Anglo Chinese Corporate Finance, Limited  
on behalf of China Resources Gas Group Limited for  
all the issued H Shares in Zhengzhou China Resources Gas Co., Ltd.  
(other than those owned by China Resources Gas Group Limited  
and members of its group)**

**Voluntary conditional offer  
by China Resources Gas Group Limited for all the  
issued Domestic Shares in Zhengzhou China Resources Gas Co., Ltd.  
(other than those owned by China Resources Gas Group Limited  
and members of its group)**

**Discloseable transaction of China Resources Gas Group Limited in relation to  
the voluntary conditional offers and issue of shares under general mandate**

### **Resumption of Trading**

**Financial adviser to China Resources Gas Group Limited**

**ANGLO CHINESE** 英高  
CORPORATE FINANCE, LIMITED

On 10th October, 2011, the board of directors of ZZ Gas received a notification from CR Gas, the controlling shareholder of ZZ Gas, that it is presently considering to place before the shareholders of ZZ Gas a proposal which, if implemented, will result in the delisting of the H Shares from the Stock Exchange and a conditional offer being made for all the issued shares of ZZ Gas, other than those owned by CR Gas and members of its group. The Proposal is subject to a number of conditions as set out in this announcement, including the approval of the delisting of H Shares by Independent H Shareholders at the H Share Class Meeting and by Independent ZZ Gas Shareholders at the EGM each voting by way of a poll.

As at the date of this joint announcement, CR Gas is interested in 66,244,000 Domestic Shares and 4,926,000 H Shares, representing approximately 56.87% of the total issued shares of ZZ Gas, made up of approximately 94.52% of the total issued Domestic Shares and approximately 8.95% of the total issued H Shares.

### **Voluntary conditional offer for ZZ Gas Shares**

Under the Proposal, the Offers will be made by CR Gas or on its behalf in accordance with the provisions of the Takeovers Code on the following basis:

**for the H Share Offer** — 1.5 new CR Gas Shares for each H Share held as Share Consideration rounded down to the nearest whole CR Gas Share or cash of HK\$14.73 for every H Share held; and

**for the Domestic Share Offer** — cash of RMB12.02 for every Domestic Share held, being RMB equivalent of HK\$14.73 based on the Exchange Rate.

Under the H Share Offer, H Shareholders may elect either the Share Consideration or cash or a combination of both. A transfer of Domestic Shares under the Domestic Share Offer by Domestic Shareholders will be treated as a domestic transaction under the foreign exchange law in the PRC. Accordingly the consideration payable under a domestic transaction must be Renminbi or assets in the PRC. As a result the Share Consideration cannot be extended to Domestic Shareholders.

### **No right of compulsory acquisition**

CR Gas has no rights under the laws of the PRC and the articles of association of ZZ Gas to acquire compulsorily the H Shares that are not tendered for acceptance pursuant to the H Share Offer. Accordingly, Independent H Shareholders are reminded that if they do not accept the H Share Offer and the H Share Offer subsequently becomes unconditional in all respects and the H Shares are delisted from the Stock Exchange, this will result in the Independent H Shareholders holding securities that are not listed on the Stock Exchange or any other exchange. In addition, ZZ Gas may not continue to be subject to the Takeovers Code after the completion of the Offers. CR Gas will apply to the Executive for a waiver from the requirements under Rule 2.2(c) of the Takeovers Code. Once all of the conditions of the Offers have been either satisfied, or, if permitted, waived by CR Gas, the Offers will be declared unconditional and the Offers will be extended for a subsequent period of at least 28 days in order to allow sufficient time for shareholders of ZZ Gas to process the transfer of their shares, in particular for the Domestic Shareholders. Accordingly, it is expected that the Offers may continue to be open for acceptance after the listing of ZZ Gas has been withdrawn from the Stock Exchange. Written notification will be given to the shareholders of ZZ Gas in respect of the closing date of the Offers and the implication if they decided not to accept the Offers.

### **General**

As the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Offers exceed 5% but are less than 25%, the Offers and the transactions contemplated thereunder will constitute a discloseable transaction of CR Gas under Rule 14.08 of the Listing Rules.

ZZ Gas Shares beneficially owned by CR Gas, parties acting in concert with it and its associates, as defined in the Listing Rules, will abstain from voting at the H Share Class Meeting and EGM in compliance with the Takeovers Code and the Listing Rules. ZZ Gas will make an application for the listing of the H Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.12 of the Listing Rules. Shareholders of ZZ Gas will be notified by way of an announcement of the last day for dealing in the H Shares and the day on which the withdrawal of the listing of the H Shares on the Stock Exchange will become effective.

A composite document for the Proposal will contain details of, among other things, the delisting proposal, the Offers, the expected timetable relating to the Offers, the recommendations of the independent committee of the board of ZZ Gas in respect of the delisting proposal and the Offers, the letter of advice from the independent financial adviser in respect of the delisting proposal and the Offers, notices of the H Share Class Meeting and EGM as well as other particulars required by the Takeovers Code and the Listing Rules and will be despatched to the shareholders of ZZ Gas within 35 days from the date of this joint announcement or such later date to which the Executive and the Stock Exchange may consent.

**The Proposal is subject to a number of conditions and may or may not be implemented. In the meantime, shareholders and potential investors are advised to exercise caution when trading in the shares of CR Gas and ZZ Gas.**

Trading of the shares of CR Gas and ZZ Gas was suspended at the request of CR Gas and ZZ Gas respectively at 9:00 a.m. on 11th October, 2011 pending release of this joint announcement. CR Gas and ZZ Gas have applied for the resumption of trading of their respective shares on 9:00 a.m. on 20th October, 2011.

## **INTRODUCTION**

On 10th October, 2011, the board of directors of ZZ Gas received a notification from CR Gas, the controlling shareholder of ZZ Gas, that it is presently considering to place before the shareholders of ZZ Gas a proposal which, if implemented, will result in the delisting of the H Shares from the Stock Exchange and a voluntary conditional offer being made for all the issued shares of ZZ Gas, other than those owned by CR Gas and members of its group. The Proposal is subject to a number of conditions as set out below in this announcement, including the approval of the delisting of H Shares by Independent H Shareholders at the H Share Class Meeting and by Independent ZZ Gas Shareholder at the EGM each voting by way of a poll.

As at the date of this joint announcement, CR Gas is interested in 66,244,000 Domestic Shares and 4,926,000 H Shares, representing approximately 56.87% of the total issued shares of ZZ Gas, made up of approximately 94.52% of the total issued Domestic Shares and approximately 8.95% of the total issued H Shares.

## **VOLUNTARY CONDITIONAL OFFERS FOR THE SHARES OF ZZ GAS**

Under the Proposal, the Offers will be made by CR Gas or on its behalf in accordance with the provisions of the Takeovers Code on the following basis:

**for the H Share Offer** — 1.5 new CR Gas Shares for each H Share held as Share Consideration rounded down to the nearest whole CR Gas Share or cash of HK\$14.73 for every H Share held; and

**for the Domestic Share Offer** — cash of RMB12.02 for every Domestic Share held, being RMB equivalent of HK\$14.73 based on the Exchange Rate.

Under the H Share Offer, H Shareholders may elect either the Share Consideration or cash or a combination of both. A transfer of Domestic Shares under the Domestic Share Offer by Domestic Shareholders will be treated as a domestic transaction under the foreign exchange law of the PRC. Accordingly the consideration payable under a domestic transaction must be Renminbi or assets in the PRC. As a result the Share Consideration cannot be extended to Domestic Shareholders.

The terms of the Offers were determined by CR Gas with reference to, among others, the latest published financial information of ZZ Gas, the prevailing closing price of H Shares and CR Gas Share, and the outlook and development of both ZZ Gas and CR Gas.

### **Comparison of value if Share Consideration is elected**

The Share Consideration of 1.5 new CR Gas Shares for every H Share tendered under the H Share Offer values each H Share at HK\$15.12 based on the closing price of HK\$10.08 per CR Gas Share as quoted on the Stock Exchange on the Last Trading Date and represents:

- a premium of approximately 49.70% over the closing price of HK\$10.10 per H Share as quoted on the Stock Exchange on the Last Trading Date; and
- a premium of approximately 38.08% over the equity attributable to shareholders of HK\$10.95 per ZZ Gas Share as at 30th June, 2011, being the latest published net assets (net non-controlling interests) of ZZ Gas as stated in its interim report divided by the number of issued ZZ Gas Shares as at the date of this announcement.

Based on the average closing price of approximately HK\$10.43 per CR Gas Share for the last 10 consecutive trading days up to and including the Last Trading Date, the Share Consideration is valued at approximately HK\$15.65 per H Share and represents:

- a premium of approximately 61.67% over the average closing price of HK\$9.68 per H Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Date; and
- a premium of approximately 42.92% over the equity attributable to shareholders of HK\$10.95 per ZZ Gas Share as at 30th June, 2011, being the latest published net assets (net non-controlling interests) of ZZ Gas as stated in its interim report divided by the number of issued ZZ Gas Shares as at the date of this announcement.

Based on the average closing price of approximately HK\$11.38 per CR Gas Share for the last 30 consecutive trading days up to and including the Last Trading Date, the Share Consideration is valued at approximately HK\$17.07 per H Share and represents:

- a premium of approximately 60.43% over the average closing price of approximately HK\$10.64 per H Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Date; and
- a premium of approximately 55.89% over the equity attributable to shareholders of HK\$10.95 per ZZ Gas Share as at 30th June, 2011, being the latest published net assets (net non-controlling interests) of ZZ Gas as stated in its interim report divided by the number of issued ZZ Gas Shares as at the date of this announcement.

On the basis that all shareholders of ZZ Gas, other than CR Gas Group, elect the Share Consideration, 75,210,000 new CR Gas Shares will be issued and allotted, representing approximately 3.78% of the issued share capital of CR Gas, or 3.64% of the enlarged issued share capital of CR Gas, assuming no additional CR Gas Shares are issued by CR Gas after the date of this joint announcement.

New CR Gas Shares to be issued in satisfaction of the Share Consideration pursuant to the H Share Offer will be issued and credited as fully paid and will rank pari passu with the existing CR Gas Shares at the date of issue and are expected to be issued under the general mandate granted to its directors at the annual general meeting held on 30th May, 2011. An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, new CR Gas Shares to be issued in satisfaction of the Share Consideration on the Stock Exchange.

#### **Comparison of value if cash is elected**

The cash consideration of HK\$14.73 per H Share under the H Share Offer and approximately RMB12.02 equivalent based on the Exchange Rate per Domestic Share under the Domestic Share Offer represents:

- a premium of approximately 45.84% over the closing price of HK\$10.10 per H Share as quoted on the Stock Exchange on the Last Trading Date;
- a premium of approximately 52.17% over the average closing price of HK\$9.68 per H Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Date;

- a premium of approximately 38.44% over the average closing price of HK\$10.64 per H Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Date; and
- a premium of approximately 34.52% over the equity attributable to shareholders of HK\$10.95 per ZZ Gas Share as at 30th June, 2011, being the latest published net assets (net non-controlling interests) of ZZ Gas as stated in its interim report divided by the number of issued ZZ Gas Shares as at the date of this announcement.

During the six-month period preceding the Last Trading Date, the highest closing price of the H Shares as quoted on the Hong Kong Stock Exchange was HK\$14.76 on 14th April, 2011 and the lowest closing price of the H Shares as quoted on the Hong Kong Stock Exchange was HK\$9.20 on 26th September, 2011.

### **Value of the Offers and financial resources sufficiency**

On the basis that all shareholders of ZZ Gas, other than CR Gas Group, elect to receive cash under the Offers, based on 50,140,000 H Shares and 3,840,000 Domestic Shares not already held by CR Gas Group as at the date of this joint announcement, the maximum cash consideration payable under the Offers is approximately HK\$795.13 million.

Based on the closing price of HK\$10.08 per CR Gas Share on the Last Trading Date, the value of the H Share Offer is approximately HK\$758.12 million.

Anglo Chinese Corporate Finance, Limited, the financial adviser to CR Gas Group, is satisfied that resources are available to CR Gas Group sufficient to satisfy full acceptance of the Offers.

### **CONDITIONS OF THE OFFERS**

The H Share Offer is subject to the fulfillment or waiver, as applicable, of the following conditions:

- (a) the passing of a resolution approving the delisting of the H Shares from the Stock Exchange at the H Share Class Meeting to be convened for this purpose by the Independent H Shareholders, provided that:
  - (i) approval is given by at least 75% of the votes attaching to the H Shares held by the Independent H Shareholders that are cast either in person or by proxy; and

- (ii) the number of votes, cast by way of poll, against the resolution is not more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders;
- (b) the passing of a resolution approving the delisting of the H Shares from the Stock Exchange at the EGM to be convened for this purpose by the Independent ZZ Gas Shareholders, provided that:
  - (i) approval is given by at least 75% of the votes attaching to the ZZ Gas Shares held by the Independent ZZ Gas Shareholders that are cast either in person or by proxy; and
  - (ii) the number of votes, cast by way of poll, against the resolution is not more than 10% of the votes attaching to all the ZZ Gas Shares held by the Independent ZZ Gas Shareholders;
- (c) the grant by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, new CR Gas Shares to be issued as the Share Consideration; and
- (d) all other necessary authorisations, consents and approvals of any government or governmental or regulatory body or court or institution in relation to the H Share Offer having been obtained and remaining in full force and effect pursuant to the provisions of any laws or regulations in Hong Kong, the PRC and other relevant jurisdictions.

The Domestic Share Offer is subject to the fulfillment or waiver, as applicable, of the following conditions:

- (a) the H Share Offer becoming unconditional in all respects; and
- (b) all other necessary authorisations, consents and approvals of any government or governmental or regulatory body or court or institution in relation to the Domestic Share Offer having been obtained and remaining in full force and effect pursuant to the provisions of any laws or regulations in Hong Kong, the PRC and other relevant jurisdictions.

CR Gas has the right to waive conditions (a) and (b) in relation to the H Share Offer and in this event, the Offers will remain open for at least 14 days after they are declared unconditional and ZZ Gas shall remain as a company listed on the Stock Exchange. If the other conditions under the H Share Offer and, or, Domestic Share Offer cannot be fulfilled by 30th April, 2012, the H Share Offer and, or, Domestic Share Offer, as the case may be, will lapse and an announcement will be made to notify the public accordingly. Under note 2 to Rule 30.1 of the Takeovers Code, an



offeror should not invoke any condition, other than the acceptance condition, so as to cause the offer to lapse unless the circumstances which give rise to the right to invoke the condition are of material significance to the offeror in the context of the offer.

As the Domestic Share Offer and the H Share Offer are not interconditional, CR Gas will apply to the Executive for a waiver from the requirements under Note 3 to Rule 14 of the Takeovers Code.

The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to ZZ Gas, being 25% of the H Shares, are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the H Shares; or (ii) there are insufficient H Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend dealings in the H Shares. CR Gas will place down its shareholding in ZZ Gas to restore the public float, as and when appropriate.

#### **OTHER INFORMATION REGARDING THE OFFERS**

By accepting the Offers, subject to the fulfillment or waiver of conditions as the case may be, shareholders of ZZ Gas will be obliged to sell their ZZ Gas Shares to CR Gas, or such other person nominated by CR Gas, free from all encumbrances and together with all rights attaching to the ZZ Gas Shares as at the date of this joint announcement or which subsequently become attached thereto, including the rights to receive all dividends and other distributions declared. The making of the Offers for Domestic Shares or H Shares to a person with a registered address in a jurisdiction outside Hong Kong may be affected by the applicable laws of the relevant jurisdiction. Shareholders with registered addresses in jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal requirements in their own jurisdictions. Settlement of the consideration in respect of acceptance of either Offers, if applicable, will be made as soon as practicable but in any event within 10 days of the later of the date on which the relevant offer becomes or is declared unconditional and the date on which relevant documents of title and duly completed forms are received by CR Gas Group to render the relevant acceptance complete and valid.

No Hong Kong stamp duty will arise on acceptance for the Domestic Share Offer. Seller's ad valorem stamp duty at a rate of 0.1% of the market value of the H Shares or consideration payable in respect of the relevant acceptances for the H Share Offer, whichever is higher, will be paid by CR Gas.

Under the Proposal, fractions of a CR Gas Share will not be issued to any H Shareholder electing to receive the Share Consideration.

None of CR Gas nor parties acting in concert with it has dealt in ZZ Gas Shares, outstanding options, derivatives, warrants or other securities convertible into ZZ Gas Shares in the six-month period prior to and as at the date of this joint announcement. CR Gas and parties acting in concert with it have not entered into any arrangements or contracts in relation to the outstanding derivatives in respect of securities in ZZ Gas nor have any of them borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in ZZ Gas. Save for 66,244,000 Domestic Shares and 4,926,000 H Shares held by CR Gas Group, CR Gas and parties acting in concert with it do not hold, own or control any ZZ Gas Shares, outstanding options, derivatives, warrants or other securities convertible into ZZ Gas Shares as at the date of this joint announcement.

As at the date of this joint announcement, there is no arrangement whether by way of option, indemnity or otherwise in relation to the shares of CR Gas or ZZ Gas which might be material to the Offers. There is no agreement or arrangement to which CR Gas as the offeror is a party which relate to circumstances in which it may or may not invoke or seek to invoke a precondition or a condition to the Offers. As at the date of this joint announcement, none of CR Gas or parties acting in concert with it has received any irrevocable commitment to accept the Offers.

## **REASONS FOR THE PROPOSAL**

In line with the long term objective of the China Resources Group to hold all its interests in a specific industrial or commercial sector under one company listed on the Stock Exchange, the Proposal is being made to withdraw the listing of ZZ Gas so that the only listed company within the China Resources Group engaged in gas distribution in the PRC and related activities will be CR Gas. If the Proposal is implemented and ZZ Gas ceases to be a listed company it is anticipated to lead to cost savings with the simplification of the structure and operations of the CR Gas Group and to eliminate or substantially reduce any potential conflict between CR Gas and ZZ Gas in the allocation of CR Gas Group resources or the exploitation of investment and acquisition prospects.

The terms of the Proposal are designed so that by accepting the Share Consideration, H Shareholders will be able to maintain an indirect interest in ZZ Gas and to be invested in a much larger, more geographically diversified gas distributor in CR Gas which has a substantially larger market capitalisation and more readily marketable shares than ZZ Gas. The terms of the Proposal, whether holders of ZZ Gas Shares elect to accept the Share Consideration or cash, are also designed so that holders of ZZ Gas Shares will receive a consideration which is substantially higher than the prevailing market price of the H Shares immediately before trading in them was suspended pending the publication of this joint announcement.

CR Gas intends to continue with the existing business of ZZ Gas and does not intend to make any material changes to the current business operations of ZZ Gas Group following completion of the Offers. It is also the intention of CR Gas that there will not be any material changes in the management or employees of ZZ Gas Group as a result of the Offers.

The directors of CR Gas believe that the Proposal is fair and reasonable and in the interests of the shareholders of CR Gas and CR Gas Group as a whole.

## **NO RIGHT OF COMPULSORY ACQUISITION**

CR Gas has no rights under the laws of the PRC and the articles of association of ZZ Gas to acquire compulsorily the H Shares that are not tendered for acceptance pursuant to the H Share Offer. Accordingly, Independent H Shareholders are reminded that if they do not accept the H Share Offer and the H Share Offer subsequently becomes unconditional in all respects and the H Shares are delisted from the Stock Exchange, this will result in the Independent H Shareholders holding securities that are not listed on the Stock Exchange or any other exchange. In addition, ZZ Gas may not continue to be subject to the Takeovers Code after the completion of the Offers. CR Gas will apply to the Executive for a waiver from the requirements under Rule 2.2(c) of the Takeovers Code. Once all of the conditions of the Offers have been either satisfied, or, if permitted, waived by CR Gas, the Offers will be declared unconditional and the Offers will be extended for a subsequent period of at least 28 days in order to allow sufficient time for shareholders of ZZ Gas to process the transfer of their shares, in particular for the Domestic Shareholders. Accordingly, it is expected that the Offers may continue to be open for acceptance after the listing of ZZ Gas has been withdrawn from the Stock Exchange. Written notification will be given to the shareholders of ZZ Gas in respect of the closing date of the Offers and the implication if they decided not to accept the Offers.

## **INFORMATION ON THE RELEVANT PARTIES**

### **CR Gas**

CR Gas is a limited liability company incorporated in Bermuda and its shares have been listed on the Stock Exchange since 7th November, 1994. CR Gas Group is principally engaged in the sale and distribution of gas fuel and related products and gas connection operations in the PRC. Its piped natural gas operations are strategically located in areas of the PRC with rich reserves of natural gas and areas which are economically more developed and densely populated. Its operation covers provincial capitals and major cities such as Chengdu, Nanjing, Wuhan, Kunming, Jinan, Chongqing, Wuxi and Suzhou. The ultimate holding company of CR Gas is China Resources National Corporation, a state-owned enterprise which is the parent

company of China Resources Co., Ltd., a company incorporated in the PRC, which in turn is the parent company of CRC Bluesky Limited, a company incorporated in the British Virgin Islands, which is in turn the parent company of the China Resources Group.

Set out below is a tabulation of the shareholding structure of CR Gas:

	As at the date of this joint announcement		Assuming all independent H Shareholders elected the Share Consideration	
	shares	%	shares	%
<b>China Resources Group</b>	1,411,360,991	70.84%	1,411,360,991	68.26%
Existing public shareholders of CR Gas	580,908,727	29.16%	580,908,727	28.10%
Independent H Shareholders	—	—	75,210,000	3.64%
<b>Public</b>	<u>580,908,727</u>	<u>29.16%</u>	<u>656,118,727</u>	<u>31.74%</u>
<b>Total</b>	<u>1,992,269,718</u>	<u>100%</u>	<u>2,067,479,718</u>	<u>100%</u>

Set out below is the summary of the financial information based on the published financial statements of CR Gas:

	Year ended 31st December,		Six months ended
	2009 (HK\$ million) (restated)	2010 (HK\$ million) (audited)	30th June, 2011 (HK\$ million) (unaudited)
Turnover	4,110	8,327	5,511
Net profit before taxation	644	1,275	975
Net profit after taxation	559	970	749
Net profit after taxation (net non-controlling interests)	460	734	555
Net profit after taxation (net non-controlling interests) per CR Gas Share (HK\$)	0.34	0.51	0.31

	<b>As at 31st December, 2009</b>	<b>2010 30th June, 2011</b>	<b>As at 30th June, 2011</b>
	<i>(HK\$ million)</i> (restated)	<i>(HK\$ million)</i> (audited)	<i>(HK\$ million)</i> (unaudited)
Net assets value (net non-controlling interests)	2,425	5,685	6,243
Net assets value (net non-controlling interests) per CR Gas Share, based on the issued share capital at the relevant period (HK\$)	1.71	3.10	3.41

### **ZZ Gas**

ZZ Gas is a joint stock limited company established in the PRC whose H Shares are listed on the Stock Exchange. ZZ Gas Group is principally engaged in the sale of natural gas, pressure control equipment and gas appliances, the construction of gas pipelines and the provision of gas pipelines renovation services in Zhengzhou, Henan Province.

Set out below is a tabulation of the shareholding structure of ZZ Gas:

	H Shares		Domestic Shares		Total issued shares of ZZ Gas	
	share	%	share	%	share	%
CR Gas Group	4,926,000	8.95%	66,244,000	94.52%	71,170,000	56.87%
Public	<u>50,140,000</u>	<u>91.05%</u>	<u>3,840,000</u>	<u>5.48%</u>	<u>53,980,000</u>	<u>43.13%</u>
Total	<u>55,066,000</u>	<u>100%</u>	<u>70,084,000</u>	<u>100%</u>	<u>125,150,000</u>	<u>100%</u>

Set out below is the summary of the financial information based on the published financial statements of ZZ Gas:

	<b>Year ended 31st December,</b>		<b>Six months ended</b>
	<b>2009</b>	<b>2010</b>	<b>30th June,</b>
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
	(restated)	(audited)	(unaudited)
Turnover	1,258	1,528	973
Net profit before taxation	244	270	181
Net profit after taxation	181	207	136
Net profit after taxation (net non-controlling interests)	179	204	136
Net profit after taxation (net non-controlling interests) per ZZ Gas Share (RMB)	1.43	1.63	1.08
	<b>As at 31st December,</b>		<b>As at</b>
	<b>2009</b>	<b>2010</b>	<b>30th June,</b>
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
	(restated)	(audited)	(unaudited)
Net assets value (net non-controlling interests)	860	982	1,118
Net assets value (net non-controlling interests) per ZZ Gas Share, based on the issued share capital at the relevant period (RMB)	6.87	7.85	8.93

## GENERAL

As the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Offers exceed 5% but are less than 25%, the Offers and the transactions contemplated thereunder will constitute a discloseable transaction of CR Gas under Rule 14.08 of the Listing Rules.

ZZ Gas Shares beneficially owned by CR Gas, parties acting in concert with it and its associates, as defined in the Listing Rules, will abstain from voting at the H Share Class Meeting and EGM in compliance with the Takeovers Code and the Listing

Rules. ZZ Gas will make an application for the listing of the H Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.12 of the Listing Rules. Shareholders of ZZ Gas will be notified by way of an announcement of the dates of the last day for dealing in the H Shares and the day on which the withdrawal of the listing of the H Shares on the Stock Exchange will become effective.

As at the date of this joint announcement, there are 55,066,000 H Shares and 70,084,000 Domestic Shares in issue. ZZ Gas does not have any outstanding convertible securities, warrants, options or derivatives in respect of any shares.

As at the date of this joint announcement, there are 1,992,269,718 shares of CR Gas in issue and 188,000 outstanding options under the share option scheme of CR Gas. Save as disclosed above, CR Gas does not have any outstanding convertible securities, warrants, options or derivatives in respect of any its shares.

In connection with the Proposal and in accordance with the Takeovers Code, ZZ Gas will form an independent board committee to make a recommendation in this regards. An independent financial adviser will be appointed, subject to the approval of the independent committee of the board of ZZ Gas, to advise the independent committee of the board of ZZ Gas in respect of the Proposal. A separate announcement will be made by ZZ Gas as soon as possible after the independent financial adviser has been appointed.

A composite document for the Proposal will contain details of, among other things, the delisting proposal, the Offers, the expected timetable relating to the Offers, the recommendations of the independent committee of the board of ZZ Gas in respect of the delisting proposal and the Offers, the letter of advice from the independent financial adviser in respect of the delisting proposal and the Offers, notices of the H Share Class Meeting and EGM as well as other particulars required by the Takeovers Code and the Listing Rules and will be despatched to the ZZ Gas Shareholders within 35 days from the date of this joint announcement or such later date to which the Executive and the Stock Exchange may consent.

## **RESUMPTION OF TRADING**

Trading of the shares of CR Gas and ZZ Gas was suspended at the request of CR Gas and ZZ Gas respectively at 9:00a.m. on 11th October, 2011 pending release of this joint announcement. CR Gas and ZZ Gas have applied for the resumption of trading of their respective shares on 9:00 a.m. on 20th October, 2011.

**The Proposal is subject to a number of conditions and may or may not be implemented. In the meantime, shareholders and potential investors are advised to exercise caution when trading in the shares of CR Gas and ZZ Gas.**

*In accordance with Rule 3.8 of the Takeovers Code, associates (including persons holding 5% or more of a class of relevant securities of CR Gas or ZZ Gas) of CR Gas and ZZ Gas are hereby reminded to disclose their dealings in the securities of CR Gas and ZZ Gas pursuant to the requirements of the Takeovers Code.*

*In accordance with Rule 3.8 of the Takeovers Code, Note 11 to Rule 22 of the Code is reproduced below in full:*

*“Responsibilities of stockbrokers, banks and other intermediaries*

*Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.*

*This dispensation does not alter the obligations of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

## **Definitions**

In this joint announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“acting in concert”	has the meaning given to it in the Takeovers Code
“associate”	has the meaning given to it in the Takeovers Code
“CR Gas”	China Resources Gas Group Limited (華潤燃氣控股有限公司), a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange (Stock code: 1193)



“CR Gas Group”	CR Gas and its subsidiaries
“CR Gas Share(s)”	share(s) of par value of HK\$0.10 each in the capital of CR Gas
“China Resources Group”	China Resources (Holdings) Company Limited which is the ultimate Hong Kong incorporated controlling shareholder of CR Gas, and its subsidiaries
“Domestic Share(s)”	ordinary unlisted shares in the share capital of ZZ Gas, with a nominal value of RMB1.00 each, which are subscribed for in RMB
“Domestic Share Offer”	voluntary offer by CR Gas to acquire all the issued Domestic Shares other than those already owned by CR Gas or parties acting in concert with it
“Domestic Shareholder(s)”	holder(s) of Domestic Share
“EGM”	an extraordinary general meeting of shareholders of ZZ Gas be held to consider and vote on, among other matters, the delisting of H Shares from the Stock Exchange
“Exchange Rate”	The exchange rate of RMB1 to HK\$1.2257 at the Last Trading Date as quoted from Bloomberg
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“H Share(s)”	ordinary shares with a nominal value of RMB1.00 each in the issued share capital of ZZ Gas, which are listed and traded on the Stock Exchange in HK\$
“H Share Offer”	voluntary offer by Anglo Chinese Corporate Finance, Limited on behalf of CR Gas to acquire all the issued H Shares other than those already owned by CR Gas or parties acting in concert with it
“H Shareholder(s)”	holder(s) of H Share(s)
“H Share Class Meeting”	a special general meeting of H Shareholders be held to consider and vote on the delisting of H Shares from the Stock Exchange

“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent H Shareholder(s)”	H Shareholders other than CR Gas Group and parties acting in concert with it
“Independent ZZ Gas Shareholder(s)”	H Shareholders and Domestic Shareholders other than CR Gas Group and parties acting in concert with it
“Last Trading Date”	10th October, 2011, being the last trading date in the shares of CR Gas and ZZ Gas prior to the publication of this joint announcement
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Offers”	the H Share Offer and the Domestic Share Offer
“PRC” or “China”	the People’s Republic of China, excluding, for the purposes of this joint announcement, Hong Kong, the Macau Special Administrative Region and Taiwan
“Proposal”	the proposed privatisation and delisting of H Shares from the Stock Exchange and a conditional offer by CR Gas for all the issued H Shares and Domestic Shares, other than those owned by CR Gas and parties acting in concert with it
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission
“Share Consideration”	1.5 new CR Gas Shares for each H Share tendered under the H Share Offer, rounded down to the nearest whole CR Gas Share
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“ZZ Gas”	Zhengzhou China Resources Gas Co., Ltd.* (鄭州華潤燃氣股份有限公司), a joint stock limited company incorporated in the PRC whose H Shares are listed on the Stock Exchange (Stock code: 3928)

“ZZ Gas Group”	ZZ Gas and its subsidiaries
“ZZ Gas Shares”	H Shares and Domestic Shares
“%”	per cent

Hong Kong, 19th October, 2011

By Order of the Board of Directors of  
**China Resources Gas  
Group Limited**  
**Ma Guoan**  
*Chairman*

By Order of the Board of Directors of  
**Zhengzhou China Resources  
Gas Co., Ltd.\***  
**Yan Guoqi**  
*Chairman*

*As at the date of this joint announcement, the board of directors of CR Gas comprises three executive directors, namely Mr. Ma Guoan, Mr. Wang Chuandong and Mr. Ong Thiam Kin; two non-executive directors, namely Mr. Du Wenmin and Mr. Wei Bin; and three independent non-executive directors, namely Mr. Wong Tak Shing, Mr. Luk Chi Cheong and Ms. Yu Jian.*

*As at the date of this joint announcement, the board of directors of ZZ Gas 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.*

*The directors of CR Gas jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*

*The directors of ZZ Gas jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement to the extent it relates to ZZ Gas Group and confirm, having made all reasonable inquiries, that to the best of their knowledge and to the extent they relate to ZZ Gas Group, opinions expressed in this joint announcement have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*

\* For identification purposes only