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

(Incorporated in Bermuda with limited liability)

(Stock code: 1193)

CONNECTED TRANSACTION
ACQUISITION OF EQUITY INTERESTS IN CHONGQING GAS

THE ACQUISITION

On 10th September 2021, CR Gas China, an indirect wholly-owned subsidiary of the Company, entered into Sale and Purchase Agreements with CR YuKang and CR Asset, respectively. Pursuant to the Sale and Purchase Agreements, CR Gas China agreed to purchase, and CR YuKang and CR Asset agreed to sell approximately 14.85% and 2.05% equity interests in the total share capital of Chongqing Gas, at a consideration of approximately RMB2,355 million and RMB247 million, respectively.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CRC is the controlling shareholder of the Company and interested in approximately 61.46% of the total issued share capital of the Company, therefore, CRC is a connected person and a controller of the Company under Chapter 14A of the Listing Rules. CRC is also the controlling shareholder of CR YuKang and CR Asset respectively, therefore, CR YuKang and CR Asset are associates of CRC and connected persons of the Company respectively. Accordingly, the Acquisition constitutes a connected transaction under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) of the Acquisition exceeds 0.1% but is less than 5%, the Acquisition is subject to the announcement requirements, but exempt from the circular, independent financial advice and independent shareholders' approval requirements under the Listing Rules.

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Major terms of the Sale and Purchase Agreements are set forth as follows:

Sale and Purchase Agreement A

- Date: 10th September 2021
- Parties: (1) CR Gas China (as the purchaser); and
(2) CR YuKang (as the vendor).
- Nature of transaction: Pursuant to Sale and Purchase Agreement A, CR Gas China agreed to purchase, and CR YuKang agreed to sell the 233,400,000 shares of Chongqing Gas held by CR YuKang, representing approximately 14.85% equity interests in the total share capital of Chongqing Gas, subject to the terms and conditions as set forth in the Sale and Purchase Agreements.
- Consideration: The consideration as agreed upon in Sale and Purchase Agreement A is RMB10.09 per share, amounting to a total consideration of RMB2,355,006,000, which will be satisfied with the internal resources of the Group and by CR Gas China in cash within seven working days following the satisfaction of the conditions precedent of Sale and Purchase Agreement A.
- The consideration of Sale and Purchase Agreement A is determined based on the original acquisition costs of CR YuKang in respect of the relevant shares of RMB10.09 per share (i.e. aggregate acquisition cost of RMB2,355,006,000 for shares under the transaction contemplated by Sale and Purchase Agreement A) after arm's length negotiation between the parties, having taken into consideration factors such as reasonableness of the net asset value per share, return on net assets, the price-to-earnings ratio of Chongqing Gas as a listed company in accordance with the "Measures for the Supervision and Administration of State-owned Equities of Listed Companies" (《上市公司國有股權監督管理辦法》).
- Conditions precedent: Completion is subject to the following conditions precedent, including but not limited to:
- (i) the parties have obtained all necessary internal approvals and authorizations for the transfer of shares;

- (ii) the parties have obtained the approval or consent of their competent state-owned assets management authorities or the state-invested enterprises for the transfer of shares;
- (iii) the parties have obtained, satisfied or completed all the other approvals, filings, registrations, consents or requirements (if any) of the laws, regulations, regulatory authorities and any other third parties for the transfer of shares.

Completion:

The parties shall, within 10 trading days following the satisfaction of the conditions precedent, cooperate with Chongqing Gas in submitting the application documents to Shanghai Stock Exchange for the confirmation of the agreed share transfer. After obtaining the confirmation of the agreed share transfer from the Legal Affairs Department of Shanghai Stock Exchange, the parties shall cooperate in submitting the share transfer agreement to the Shanghai Branch of the China Securities Depository and Clearing Corporation Limited for completion of the share transfer registration.

From the date of completion of share transfer registration, CR Gas China shall be entitled to the corresponding rights and obligations of the holders of the relevant shares and become the sole owner of the relevant shares, and have full rights to dispose of and receive profits from the relevant shares, and CR YuKang or any other third parties shall cease to enjoy the rights to dispose of or receive profits from the relevant shares or any other rights attached there

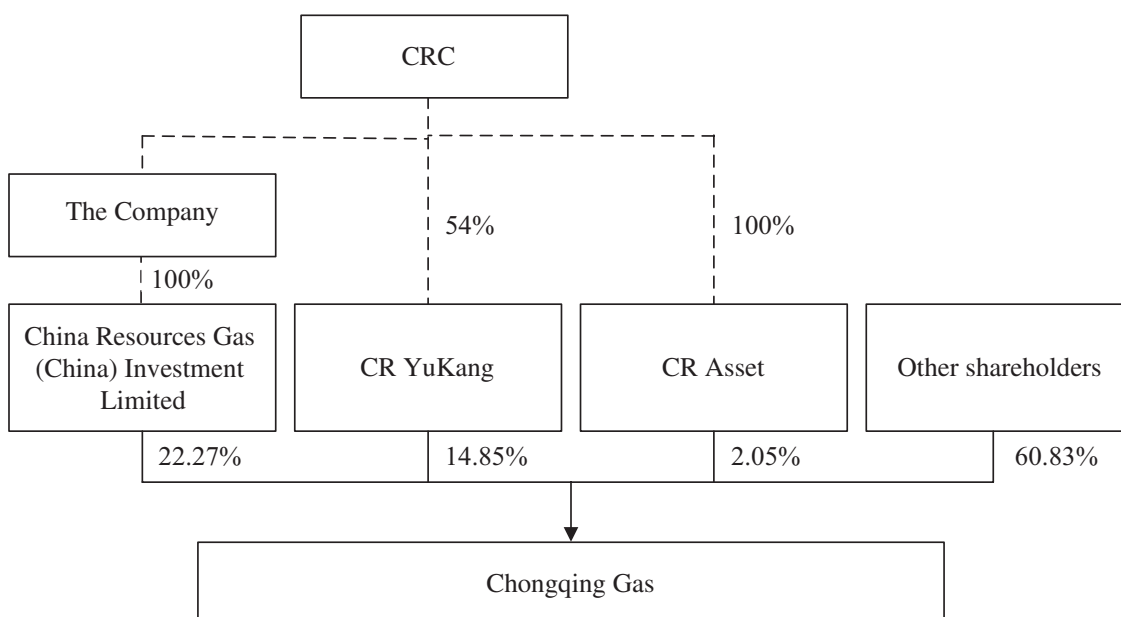
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SHAREHOLDING STRUCTURE

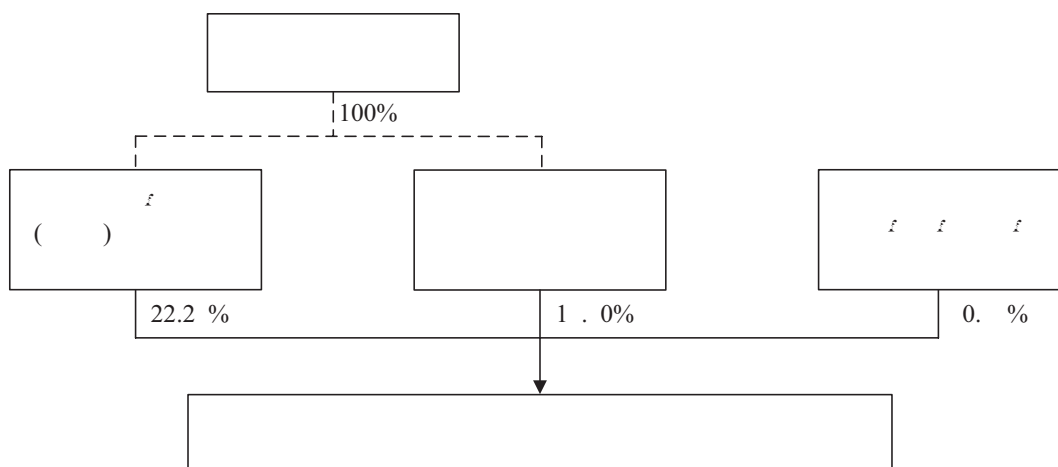
As at the date of this announcement, the Group holds approximately 22.27% equity interests in the total share capital of Chongqing Gas through China Resources Gas (China) Investment Limited, an indirect wholly-owned subsidiary of the Company. Upon completion of the Sale and Purchase Agreements, CR Gas China will hold an aggregate of approximately 16.90% equity interests in the total share capital of Chongqing Gas, and together with the equity interests in Chongqing Gas held by China Resources Gas (China) Investment Limited, the Group will hold approximately 39.17% equity interests in the total share capital of Chongqing Gas upon completion of the Sale and Purchase Agreements.

The following diagrams illustrate the simplified shareholding structure of Chongqing Gas (i) as at the date of this announcement; and (ii) immediately after completion of the Acquisition:

The corporate structure of Chongqing Gas as at the date of this announcement



The corporate structure of Chongqing Gas immediately after completion of the Acquisition



INFORMATION ON THE PARTIES AND THE TARGET COMPANY

The Group and CR Gas China

The Company is a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange. As at the date of this announcement, approximately 61.46% of the issued shares of the Company are indirectly held by CRC, which is ultimately owned by CRNC, a state-owned enterprise in the PRC under the supervision of the SASAC. The Group is principally engaged in downstream gas distribution business in the PRC, including piped natural gas distribution, natural gas filling stations operation and sales of gas appliances.

CR Gas China is an indirect wholly-owned subsidiary of the Company, incorporated in the PRC with limited liability and principally engaged in the investment and management in gas and related fields.

CR YuKang

CR YuKang is a company incorporated in the PRC with limited liability and as at the date of this announcement, CR YuKang is a subsidiary held as to 54% by China Resources Capital Holdings Company Limited. China Resources Capital Holdings Company Limited is a wholly-owned subsidiary of CRC, which is ultimately owned by CRNC, a state-owned enterprise in the PRC under the supervision of SASAC. CR YuKang is principally engaged in the acquisition and disposal of non-performing assets, entrusted operations, restructuring and integration, and related financial and intermediary services.

CR Asset

CR Asset Management is a company incorporated in the PRC with limited liability and as at the date of this announcement, CR Asset is a wholly-owned subsidiary of China Resources Capital Holdings Company Limited. China Resources Capital Holdings Company Limited is a wholly-owned subsidiary of CRC, which is ultimately owned by CRNC, a state-owned enterprise in the PRC under the supervision of SASAC. CR Asset is principally engaged in the investment and management in non-performing assets and related fields.

Chongqing Gas

Chongqing Gas is a company incorporated in the PRC with limited liability whose shares are listed on the Shanghai Stock Exchange (stock code: 600917). It is principally engaged in the operation of urban gas and its major businesses are piped gas supply and installation services of gas facilities and equipment, distributed energy operation services and CNG/LNG filling station operation services in Chongqing, among which piped gas supply and installation of gas facilities and equipment are the core business of the company.

Set out below is certain financial information of Chongqing Gas for the year ended 31st December 2019 and the year ended 31st December 2020 prepared in accordance with the PRC Generally Accepted Accounting Principles:

	Year ended 31st December 2019	Year ended 31st December 2020
	<i>Approximate RMB</i>	<i>Approximate RMB</i>
Profit before taxation	497,216,273.37	423,926,050.88
Profit after taxation	419,737,279.96	344,741,119.83

As at 30th June 2021, the audited net book assets of Chongqing Gas amounted to approximately RMB4,530,391,220.98.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the downstream gas distribution business in the PRC and Chongqing Gas is the largest urban gas supplier and integrated service provider in Chongqing with the largest volume of urban gas supply and the widest coverage area. As at the date of this announcement, the Group is interested in approximately 22.27% of the total share capital of Chongqing Gas. The Group considers that the Acquisition to increase its shareholding in Chongqing Gas to 39.17% is beneficial to the streamlining of the Group's management rights in Chongqing Gas and will help enhance the Group's influence in the gas industry in the Chengdu-Chongqing Two Cities Economic Zone. As mentioned in the Company's latest annual report, considering that the Chinese government will continue to promote green development and the natural gas market has certain development prospects, and the Group aims to grasp the development opportunities in the industry and proactively cooperate with the green development policies of the government at all levels to achieve continuous and rapid growth in the core business of urban gas therefore the Group believes that the transaction is beneficial to further accelerate the expansion and integration of the Group in the gas market and the sustainable development of the Group.

The Directors (including the independent non-executive Directors) consider that the Sale and Purchase Agreements and the transactions contemplated thereunder are fair and reasonable and on normal commercial terms. The Acquisition, although not conducted in the ordinary and usual course of business of the Company, is in the interests of the Company and its shareholders as a whole.

None of the Directors has any material interest in the Sale and Purchase Agreements. However, since WANG Chuandong and WAN Suet Fei hold senior management positions in CRNC and/or its subsidiaries, they have abstained from voting on the relevant board resolution. Save for the abovementioned Directors, none of the other Directors is required to abstain from voting on the relevant approved board resolution.

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DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and phrases have the following meanings:

“Acquisition”	the transactions contemplated under the Sale and Purchase Agreements;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of directors of the Company;
“Chongqing Gas”	Chongqing Gas Group Corporation Ltd., a company incorporated in the PRC with limited liability, whose shares are listed on the Shanghai Stock Exchange (stock code: 600917);
“Company”	China Resources Gas Group Limited (華潤燃氣控股有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1193);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“CR Asset”	China Resources Asset Management Limited, a company incorporated in the PRC with limited liability, holding approximately 2.05% of the total share capital of Chongqing Gas, and a subsidiary of CRC;
“CR Gas China”	China Resources Gas Investment (China) Limited, a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company;
“CR YuKang”	China Resources YuKang Asset Management Co., Ltd., a company incorporated in the PRC with limited liability, holding approximately 14.85% of the total share capital of Chongqing Gas, and a subsidiary of CRC;
“CRC”	China Resources Co., Limited, a company incorporated in the PRC with limited liability and ultimately wholly owned by CRNC;
“CRNC”	China Resources Company Limited, a company incorporated in the PRC with limited liability;

“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China and for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC; and
“Sale and Purchase Agreement A”	the sale and purchase agreement dated 10th September 2021 entered into between CR Gas China and CR YuKang in respect of approximately 14.85% interest in the total share capital of Chongqing Gas;
“Sale and Purchase Agreement B”	the sale and purchase agreement dated 10th September 2021 entered into between CR Gas China and CR Asset in respect of approximately 2.05% interest in the total share capital of Chongqing Gas;
“Sale and Purchase Agreements”	Sale and Purchase Agreement A and Sale and Purchase Agreement B;
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“%”	per cent.

By Order of the Board
China Resources Gas Group Limited
WANG Chuandong
Chairman

Hong Kong, 10th September, 2021

As at the date of this announcement, the directors of the Company are Mr. SHI Baofeng and Mr. GE Bin, being Executive Directors; Mr. WANG Chuandong, Mr. CHEN Ying, Mr. WANG Yan and Madam WAN Suet Fei, being Non-executive Directors; and Mr. WONG Tak Shing, Mr. YU Hon To, David, Mr. YANG Yuchuan and Mr. HU Xiaoyong, being Independent Non-executive Directors.