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

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**Part B**

RMB5 billion (equivalent to approximately HK\$6.16 billion) of which:

- (a) 49% (being RMB2.45 billion, equivalent to approximately HK\$3.0184 billion) will be contributed in cash by China Resource Gas; and
- (b) 51% (being RMB2.55 billion, equivalent to approximately HK\$3.1416 billion) will be contributed by Tianjin Gas, a wholly owned subsidiary of the Joint Venture Company, in the Contribution Agreement, which has been approved and determined based on a valuation as at 31 December 2010 (adjusted to be conducted) by an agreed independent valuer and the valuation is approved by the relevant PRC government authorities.

China Resource Gas, in contributing cash to the Joint Venture Company in favour of a 49% stake in the Joint Venture Company, shall, within its working day from the date of the signing of the Contribution Agreement, have made total cash contribution of RMB2.45 billion, equivalent to approximately HK\$3.0184 billion, to the Joint Venture Company.

The cash capital contribution of China Resource Gas will be funded by internal resources of the Company and bank borrowing of the Company.

Tianjin Gas, in contributing the Contribution Agreement to the Joint Venture Company, shall, within its month from the date of the signing of the Contribution Agreement, have completed or commenced the completion of all procedures required for the signing of the Contribution Agreement to the Joint Venture Company.

**Part C**

Subject to the approval of the relevant agreement(s) which may be required by the relevant PRC government, the PRC government of Tianjin Gas, relating to piped natural gas operation in Tianjin, including but not limited to piped gas equipment and distribution facilities and equipment of companies engaged in the gas business, shall be entered into the Joint Venture Company as a condition to be agreed by the PRC government which have been approved and based on professional valuation and to be approved by the relevant PRC government authorities.

It is expected that the Joint Venture Company will enter into certain lease arrangements with Tianjin Gas for the lease of certain assets of Tianjin Gas pending the signing of the Joint Venture Company, and the terms of the joint venture.

Liability of the incorporation of the Parties for the Joint Venture Company, subject to (i) all applicable law in the PRC and Hong Kong, the Listing Rules and the Takeover Code and (ii) receipt of all necessary approvals from the relevant

**ARTICLE 14**

Tianjin Gas is a state-owned enterprise in the PRC. To the knowledge of the Company, Tianjin Gas is a conglomerate engaged in a wide range of different industries including the industry, construction and operation of the city gas pipeline, the sale and distribution of gas, the provision of gas related equipment, apparatus and ancillary services, as well as gas facilities repair and maintenance in the Tianjin Municipality, the PRC.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries and a careful and diligent inquiry, Tianjin Gas and its subsidiaries are beneficial owners, as Independent Third Parties, under the Listing Rules.

**ARTICLE 15**

The Group has been actively seeking active business opportunities in the PRC to expand its core business of city gas operation and distribution in the PRC. Liquefied natural gas operation is strategically located in the areas of the PRC which have rich reserves of natural gas and areas which have economically more developed and densely populated. Tianjin has huge development potential and is a key location which the Group aims to target to achieve accelerated growth in the coming years.

Through the establishment of the Joint Venture Company with Tianjin Gas, it is believed the Group will benefit from an immediate access to the local market and energy all the Greater Tianjin-Bohai Region. The establishment of the Joint Venture Company will help position the Group for the development of the local market in Tianjin by leveraging on the platform established by the Joint Venture Company. The establishment of the Joint Venture Company will accelerate the Group's aspiration to become one of the large pan-China city gas operators in the PRC.

The terms of the Joint Venture Contract, the Supplemental Agreements and the Articles of Association were negotiated on an arm's length basis between the Parties and were determined on normal commercial terms.

**ARTICLE 16**

According to the applicable percentage calculation under Rule 14.07 of the Listing Rules, the Group's shareholding is less than 25%, the entering into of the Joint Venture Company, the Supplemental Agreements and the Articles of Association for the establishment of the Joint Venture Company constitute a disinterested transaction for the Company, under Chapter 14 of the Listing Rules.

The proposed establishment of the Joint Venture Company is subject to the approval of the board of Directors. The Company will make a full announcement regarding the views of the Board and of the Board approved members of the establishment of the Joint Venture Company, and the Directors consider the members of the Joint Venture Company, the Supplemental Agreement and the Articles of Association are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## GENERAL

The Company is a limited liability company incorporated in Bermuda and it has been listed on the Stock Exchange since 7 November 1994. The Group is principally engaged in the sale and distribution of gas fuel and related products and gas connection services in the PRC. It operates a geographically diversified operation base in the PRC with which the gas and areas which are economically more developed and densely populated. It currently operates core provincial capital and major cities, such as Chengde, Nanjing, Wuhan, Kunming, Jinan, Chongqing, Wuxi and Suzhou.

China Resource Gas is a limited liability company incorporated in Hong Kong and is principally engaged in investment holding. As at the date of this announcement, China Resource Gas is a wholly-owned subsidiary of the Company.

## GENERAL INFORMATION

All the equity of the Company, including in the share of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 2 November 2011 pending the issue of this announcement. Application has been made to the Stock Exchange for resumption of trading in the share of the Company on the Stock Exchange with effect from 9:00 a.m. on 3 November 2011.

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## DEFINITIONS

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

- Article of Association means the articles of association dated 2 November 2011 entered into between China Resources Gas and Tianjin Gas in relation to the establishment and operation of the Joint Venture Company;
- Board means the board of Directors;
- China Resources Gas means China Resources Gas (Hong Kong) Investment Limited (華潤燃氣(香港)投資有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company;
- Co-operation Agreement means the co-operation agreement dated 28 June 2010 entered into between China Resources Gas and Tianjin Gas in relation to the proposed establishment of a sino-foreign equity joint venture enterprise in Tianjin;
- Company means China Resources Gas Group Limited, a company incorporated in Bermuda, the shares of which are listed on the Main Board of the Stock Exchange;
- Contribution Assets means certain operating assets including but not limited to city gas pipeline in Tianjin and all related facilities and equipment owned by Tianjin Gas in the PRC;
- Director means the directors of the Company;
- Group means the Company and its subsidiary (as defined in the Companies Ordinance, Chapter 32 of the Laws of Hong Kong);
- HK\$ means Hong Kong dollar (\$), the lawful currency of Hong Kong;
- Hong Kong means the Hong Kong Special Administrative Region of the PRC;

<p>Independent Third Party</p>	<p>mean a party who, together with its immediate beneficial owner(s), is not a connected person of the Company and is also independent of the Company and its connected persons;</p>
<p>Joint Venture Company</p>	<p>mean the joint venture company to be incorporated in the PRC and proposed to be named as 津燃華潤燃氣有限公司 (Jin an China Resource Gas Co., Ltd.), which equity capital will be owned as to 51% by Tianjin Gas and 49% by China Resource Gas;</p>
<p>Joint Venture Contract</p>	<p>mean a joint venture contract dated 2 November 2011 entered into between China Resource Gas and Tianjin Gas in relation to the proposed establishment of the Joint Venture Company;</p>
<p>Listing Rules</p>	<p>mean the Rules Governing the Listing of Securities on the Stock Exchange;</p>
<p>Parties</p>	<p>mean China Resource Gas and Tianjin Gas, the parties to the Joint Venture Contract, the Supplemental Agreement and the Article of Association, and the word "Parties" shall be construed accordingly;</p>
<p>PRC</p>	<p>mean the People's Republic of China which, for the purpose of this announcement, include Hong Kong, Taiwan and the Macao Special Administrative Region of the PRC;</p>
<p>RMB</p>	<p>mean Renminbi, the lawful currency of the PRC;</p>
<p>Supplemental Agreement</p>	<p>mean the supplemental agreement dated 2 November 2011 entered into between China Resource Gas and Tianjin Gas in relation to the proposed establishment of the Joint Venture Company which forms part of the Joint Venture Contract;</p>
<p>Stock Exchange</p>	<p>mean The Stock Exchange of Hong Kong Limited;</p>
<p>Takeover Code</p>	<p>mean the Code on Takeover and Mergers;</p>
<p>Tianjin Gas</p>	<p>mean 天津市燃氣集團有限公司 (Tianjin Gas Group Company Limited*), a state-owned enterprise of the PRC; and</p>



Tianjin Tianlian

mean 天津天聯公用事業股份有限公司 (Tianjin Tianlian Public Utility Company Limited), a joint stock limited company incorporated in the PRC, whose shares are listed on the Main Board of the Stock Exchange (stock code: 1265).

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*Executive Director & Company Secretary*

Hong Kong, 2 November 2011.

*As at the date of this announcement, the Board 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.*

*For the purposes of this announcement, unless otherwise specified, conversions of RMB into Hong Kong dollars are based on the approximate exchange rate of RMB1.00 to HK\$1.232, for the purposes of illustration only. No representation is made that any amount in Hong Kong dollars or RMB could have been or could be converted at the above rate or at any other rates.*

*\* The English name of this PRC-incorporated company is only an English translation of the corresponding official Chinese name and is provided for identification purposes only.*