



# China Resources Gas Group Limited

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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 as a part of an fee of the Joint Venture Company in connection with the Contribution Agreement. The fee is determined based on an appraisal as at 31 December 2010 (subject to adjustment based on relevant appraisal to be conducted) by a fee agreed between the Parties and the appraisal is subject to approval by the relevant PRC government authorities.

China Resource Gas, in contributing cash to the Joint Venture Company, in fact a 49% stake in the Joint Venture Company, shall, in addition to the cash contribution of RMB2.45 billion, equivalent to approximately HK\$3.0184 billion, of 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 of the Joint Venture Company, shall, in addition to the cash contribution of the Joint Venture Company, have completed or proceed the completion of all procedures required for an fee in connection with the Contribution Agreement of the Joint Venture Company.

4. The fee shall be paid by Tianjin Gas to the Joint Venture Company in cash.

Subject to the approval of the relevant government authorities, the fee shall be paid by the Parties, the Parties agree that the fee of Tianjin Gas relating to the pipeline, all gas operations in Tianjin, including but not limited to pipeline equipment and distribution facilities and equipment in the of companies engaged in the gas business, shall be an fee of the Joint Venture Company as a consideration to be agreed between the Parties in the future of the fee shall be based on professional appraisal and to be approved by the relevant PRC government authorities.

In the event that the Joint Venture Company will enter into a lease agreement with Tianjin Gas for the lease of certain assets of Tianjin Gas pending the fee of the Joint Venture Company, the fee of the Joint Venture Company.

It is also the intention 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 to conduct from the relevant

Article 14.07 of the Li'ing R'le

Tianjin Gas is a state-owned enterprise in the PRC. To the knowledge of the Company, Tianjin Gas is a conglomerate engaged in a variety of different businesses including the industries, construction and operation of the city gas pipeline, the sale and distribution of gas, the production 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 after a careful and dispassionate consideration, Tianjin Gas and its subsidiaries are beneficial owners, as an Independent Third Party, under the Listing Rules.

EA 14.07 of the Li'ing R'le

The Group has been actively seeking a wide range of opportunities in the PRC to expand its core business of city gas operation and distribution in the PRC. It is planned that the gas operation will be strategically located in the areas of the PRC which are the focus of national gas and areas which are economically more developed and densely populated. Tianjin has huge developments potential and is a key location which the Group aims to achieve its goals and accelerate its business growth in the coming years.

Though the shareholders of the Joint Venture Company in Tianjin Gas, it is believed the Group will benefit from an immediate access to the local market and enter all the Gas in Tianjin-Bohai Region. The shareholders of the Joint Venture Company will help position the Group of the development of the local market in Tianjin by leveraging on the platform, provided by the Joint Venture Company. The shareholders of the Joint Venture Company will accelerate the Group's aspiration to become one of the largest pan-China city gas operators in the PRC.

The terms of the Joint Venture Contract, the Supplemental Agreements and the Articles of Association have been negotiated on an arm's length basis between the Parties and are deemed to be on normal commercial terms.

Article 14.07 of the Li'ing R'le

Article 14.07 of the applicable percentage is calculated under Rule 14.07 of the Listing Rules to exceed 5% but shall not exceed 25%, the entering into of the Joint Venture Contract, the Supplemental Agreements and the Articles of Association for the shareholders of the Joint Venture Company constitute a disallowable transaction for the Company under Chapter 14 of the Listing Rules.

The proposed members of the Joint Venture Company, subject to the approval of the board of Directors. The Company will make a further announcement regarding the decision of the Board and the decision of the Board approve the proposed members of the Joint Venture Company, and the decision of the Directors consider the members of the Joint Venture Company, the Supplemental Agreement and the Article of Association are fair and reasonable and in the interest of the Company and its shareholders as a whole.

## **EXPLANATION**

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 service in the PRC. It is principally engaged in the operation of a gas pipeline network in the PRC which is the largest and the most economically developed and densely populated. It is an open operation company with principal capital and major cities, such as Chengdu, Nanjing, Wuhan, Kunming, Jinan, Chongqing, Wuxi and Shaoxing.

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

## **EXPLANATION OF THE COMPANY'S LISTING ON THE STOCK EXCHANGE**

The equity of the Company, trading 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.

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 service in the PRC. It is principally engaged in the operation of a gas pipeline network in the PRC which is the largest and the most economically developed and densely populated. It is an open operation company with principal capital and major cities, such as Chengdu, Nanjing, Wuhan, Kunming, Jinan, Chongqing, Wuxi and Shaoxing.

## DEFINITIONS

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

Article of Association	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	mean the board of Directors;
China Resources Gas	mean 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	mean 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	mean China Resources Gas Group Limited, a company incorporated in Bermuda, the holder of which is listed on the Main Board of the Stock Exchange;
Contribution Asset	mean 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	mean the directors of the Company;
Group	mean the Company and its subsidiary (as defined in the Companies Ordinance, Chapter 32 of the Laws of Hong Kong);
HK\$	mean Hong Kong dollar (\$), the lawful currency of Hong Kong;
Hong Kong	mean the Hong Kong Special Administrative Region of the PRC;

Independent Third Party	mean a party who, once he is his, is a beneficial owner ( ), is not a connected person of the Company and is also independent of the Company and is not a connected person ;
Join Venture Company	mean the joint venture company to be incorporated in the PRC and proposed to be named as 天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 ;
Join Venture Contract	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 Join Venture Company ;
Listing Rules	mean the Rules Governing the Listing of Securities on the Stock Exchange;
Parties	mean China Resource Gas and Tianjin Gas , the parties to the Join Venture Contract , the Supplemental Agreements and the Article of Association, and the word "Parties" shall be construed accordingly ;
PRC	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;
RMB	mean Renminbi, the lawful currency of the PRC;
Supplemental Agreements	mean the supplemental agreements dated 2 November 2011 entered into between China Resource Gas and Tianjin Gas in relation to the proposed establishment of the Join Venture Company which form part of the Join Venture Contract ;
Stock Exchange	mean The Stock Exchange of Hong Kong Limited;
Takeover Code	mean the Code on Takeovers and Mergers ;
Tianjin Gas	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



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).

Board of the Board  
Chairman

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.*