



## CR GAS'S STRATEGIC EXPANSION INTO TIANJIN FURTHER ENHANCE ITS BUSINESS Foothold IN NORTHERN CHINA

China Resources Gas Group Limited ("CR Gas" or the "Company", stock code: 1193; together with its subsidiaries, the "Group") entered into a joint venture contract (the "Contract") with Tianjin Gas Group Co., Ltd. ("Tianjin Gas") on 2 November 2011 to set up a joint venture company (the "Joint Venture") for the construction, operation and supply of natural gas through gas pipelines in Tianjin, the People's Republic of China ("PRC").

According to the Contract, the registered capital of the proposed Joint Venture is RMB5 billion, of which CR Gas and Tianjin Gas will respectively contribute to 49 per cent (being RMB2.45 billion) and 51 per cent (being RMB2.55 billion) of the registered capital by way of cash contribution and by way of the contribution of operating assets and equity interests in companies engaged in the gas supply or related business respectively. The current assets of Tianjin Gas in the city include the interest in Tianjin Tianlian Public Utilities Company Limited (stock code: 1265), which will be acquired by the proposed Joint Venture in the future, subject to further discussion as to consideration and timing.

The cash capital contribution of CR Gas will be funded by internal resources and bank borrowings of the Company.

Tianjin Gas is a state-owned enterprise in the PRC which engaged in, among other things, the sale and distribution of natural gas in Tianjin.

Tianjin is a direct administrative municipality with a population of some 13 million and ranks sixth in terms of GDP among all cities in China. According to the central government's planning, Tianjin will be developed into an international harbour city, economic centre in northern China and an ecological city. There will be very rapid economic growth driven by commercial and industrial activities which will provide a tremendous amount of room for rapid growth in the next decade.

"Through the establishment of the Joint Venture, we will benefit from an immediate access to the local market and eventually the Greater Tianjin-Bohai Region, one of the fastest growing regions in China in the next 10 years. We are pleased to join hands with Tianjin Gas, as the cooperation presents an excellent window for us to enter the Northern China market. Tianjin has huge development potential and is a key location which we target to achieve very significant business growth in the coming years. The Joint Venture will also accelerate our aspiration to become one of the largest pan-China city gas operators in the PRC," said Mr Ma Guoan, Chairman of CR Gas.

The Group currently operates 64 city gas projects in 15 provinces including 6 provincial capitals and 1 direct administrative municipality with annualised gas sale volume of some 6.7 billion m<sup>3</sup>.

### **About CR Gas**

CR Gas is principally engaged in downstream city gas distribution business including piped natural gas distribution and CNG (compressed natural gas) filling stations operation. Its operations are strategically located in areas of China with rich reserves of natural gas and areas which are economically more developed and densely populated. CR Gas aspires to become a respected market leader in downstream city gas distribution business in China.

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