



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

## **Fitch Affirms China Resources Gas at BBB+ Ratings with a Stable Outlook**

Hong Kong, July 22, 2014 - China Resources Gas Group Limited ("CR Gas" or the "Company", HKEx Mainboard Stock Code: 1193; together with its subsidiaries, the "Group"), the leading downstream city gas distributor in China, today announced that it has been affirmed an investment grade corporate credit rating of "BBB+" with a stable outlook for both the Long-term Issuer Default Rating and the Senior Unsecured Rating from Fitch Ratings ("Fitch"). This is the second investment grade rating, which CR Gas has been affirmed, following its "Baa1 Rating" from Moody's Ratings Services in May this year.

"The affirmation of CR Gas's credit ratings by Fitch is indicative of our on-going success towards our goal of better operational and financial efficiencies. The Fitch Ratings also validates that our focus on implementing "Lean Management" and "Benchmarking" Measures is working and has successfully helped CR Gas accomplish the fundamental transformation of its growth model from acquisition-driven to organic efficiency improvement." said Mr. Ken Ong, CFO of CR Gas.

Fitch highlighted in its press release that the BBB+ rating reflects CR Gas's diversified operations, strong credit metrics and liquidity, and robust industry fundamentals. According to Fitch's report, CR Gas's operating performance continues to be strong, supported by gas sales and connection revenue growth. Supplying 12.1 billion cubic meters annually, CR Gas remains as the largest piped gas distributor in China. The total number of city gas projects of CR Gas increased to 176 at end of 2013 from 151 a year earlier with connected residential users up 31% to 18.4 million and commercial & industrial users up 14% to 173,956. Fitch also expects CR Gas to continue to have positive free cash flow before acquisition spending, although CR Gas's capex remains elevated due to expanding city gas operations more aggressively than some of CR Gas's peers. In addition, Fitch believes that CR Gas will have the ability to successfully pass through potential city-gate price hike in the next two to three years and broadly maintain the dollar margin on gas sales. Moreover, Fitch acknowledges that CR Gas's adoption of

new Accounting Standards for consolidation of jointly controlled entities (JCEs) in 2013 does not impact Fitch's credit view on CR Gas, because the credit concerns from the high number of JCEs as well as the mitigating factors have already been fully incorporated into CR gas's ratings and the increasing control over key JCEs is a credit positive for CR Gas in the medium term.

### **About CR Gas**

CR Gas, 63.95% owned by China Resources (Holding) Co. Ltd, one of the largest state-owned conglomerates in China, is principally engaged in downstream city gas distribution business including piped natural gas distribution and natural gas filling stations operation. Its operations are strategically located in areas of China, which are economically more developed and densely populated and areas with rich reserves of natural gas. CR Gas aspires to become a respected market leader in downstream city gas distribution business in China.

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