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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)**

**VOLUNTARY ANNOUNCEMENT ON  
ESTABLISHMENT OF A JOINT VENTURE IN QINGDAO**

This announcement is made on a voluntary basis by the Company.

**ESTABLISHMENT OF JOINT VENTURE**

The Board is pleased to announce that on 9 March 2015, CR Gas Investment, an indirect wholly-owned subsidiary of the Company, entered into the Joint Venture Documentation with among others, Qingdao Energy Group, pursuant to which CR Gas Investment will establish the Joint Venture with Qingdao Energy Group by way of contributing to the proposed increase in the registered capital of Qingdao Gas by an amount of RMB612.5 million. Prior to the proposed capital increase, Qingdao Gas is expected to undertake an asset reorganization in accordance with the terms of the Joint Venture Documentation following which Qingdao Gas will only hold assets and liabilities that are pertinent to gas-related business. Upon the establishment of the Joint Venture, which is subject to the approval of the relevant PRC authorities, Qingdao Gas will be converted into a Joint Venture and will be owned by CR Gas Investment and Qingdao Energy Group as to 49% and 51%, respectively.

The Joint Venture will principally engage in, within all administrative districts of Qingdao city and any other districts where operating rights maybe obtained in the future, among other things, sale of gas (including natural gas, liquefied petroleum gas and coal gas); manufacture, sale and maintenance of gas equipment and appliances, maintenance of gas facilities, develop and utilise gas-related products, service gas refill stations for vehicles, marine gas distribution and engineering, design and construction and provide other gas-related business goods and services.

## **IMPLICATIONS OF THE LISTING RULES**

As the applicable percentage ratios in respect of the Transaction are less than 5% under Rule 14.07 of the Listing Rules. The Transaction does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules and this announcement is made voluntarily.

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## **ESTABLISHMENT OF JOINT VENTURE**

### **Principle terms of the Joint Venture Agreement**

Date: 9 March 2015

Parties: (A) Qingdao Energy Group, a state-owned enterprise established in Qingdao Municipal People's Government of the PRC, principally engaged in among other things, the construction and operation of the city piped gas facilities as well as the supply gas in Qingdao city, the PRC; and

(B) CR Gas Investment, an indirect wholly-owned subsidiary of the Company established in the PRC.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Qingdao Energy Group, Qingdao Gas and each of their beneficial owners are third parties independent of and not connected with the Company or its connected persons.

- Registered capital: RMB1.25 billion (approximately HK\$1.56 billion)
- Total capital contribution:
- (a) Qingdao Energy Group will contribute RMB637.5 million (approximately HK\$796.9 million) by way of its 100% equity interest in Qingdao Gas, representing 51% of the registered capital of the Joint Venture; and
  - (b) CR Gas Investment will contribute RMB612.5 million (approximately HK\$765.6 million) in cash, representing 49% of the registered capital of the Joint Venture.
- Board composition: The Joint Venture's board of directors will comprise of 7 members, of which Qingdao Energy Group is entitled to nominate 4 directors and CR Gas Investment is entitled to nominate 3 directors.
- CR Gas Investment will nominate a candidate as chairman of the board, who will also act as the legal representative of the Joint Venture, and Qingdao Energy Group will nominate a candidate as vice chairman for the Joint Venture; both of which shall be appointed by the board of the Joint Venture.
- Term of Joint Venture: 30 years from the date of receiving the business license subject to early termination. Such 30-year term is also subject to extension by mutual agreement between Qingdao Energy Group and CR Gas Investment.

- Scope of business: The Joint Venture will principally engage in the following activities, within all administrative districts of Qingdao City and any other districts where operating rights may be obtained in the future:
- (i) sale of gas (including natural gas, liquefied petroleum gas and coal gas);
  - (ii) manufacture, sale and maintenance of gas equipment and appliances;
  - (iii) maintenance of gas facilities;
  - (iv) develop and utilise gas-related products;
  - (v) service gas refill stations for vehicles;
  - (vi) marine gas distribution and engineering, design and construction; and
  - (vii) provide other gas-related business goods and services.
- Condition of the establishment of the Joint Venture: The effectiveness of the Joint Venture Agreement and the establishment of the Joint Venture are subject to the approval of the relevant PRC authorities.

The Joint Venture will, on its establishment, become a joint venture company of the Company and its financial results will be accounted for in the consolidated financial statements of the Group using the equity method of accounting.

## **REASONS AND BENEFITS OF FORMING THE JOINT VENTURE**

The Group has been active in seeking business opportunities to expand its core business of downstream city gas operation in the PRC over the recent years. Its existing city gas projects are strategically located in various provinces in the PRC. The Joint Venture is part of the on-going expansion strategy of the Group with the aim of becoming the market leader in the downstream city gas industry in the foreseeable future.

The Directors consider the Transaction will enable the Group to further extend its coverage and footprint in the PRC, particularly in Qingdao city which is one of the most economically developed cities in China with annual GDP exceeding RMB800 billion. The demand for piped natural gas in Qingdao city is expected to increase significantly in the foreseeable future. The Group has existing city gas operations in various cities in Shandong Province such as Jinan, Jining, Zibo, etc. The Directors consider that the Joint Venture will create synergy with the Group's existing gas operations, thereby will broaden the Group's revenue base as well as enhance and sustain its earning capabilities.

The Company considers the establishment of the Joint Venture would enable it to team up with Qingdao Energy Group to accelerate gas infrastructure development and modernise gas distribution and management in Qingdao city to improve economic efficiency and to tap its vast potential in the future.

## **IMPLICATIONS OF THE LISTING RULES**

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## **DEFINITIONS**

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

“Board”	the board of Directors of the Company;
“CR Gas Investment”	華潤燃氣投資(中國)有限公司 (China Resources Gas Investment (China) Limited*), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company;
“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;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC;
“Joint Venture”	Qingdao Energy China Resources Gas Limited 青島能源華潤燃氣有限公司, the joint venture enterprise to be established in the PRC pursuant to the terms of the Joint Venture Agreement upon the restructuring of Qingdao Gas;
“Joint Venture Documentation”	the documentation for the establishment of the Joint Venture comprising:- <ul style="list-style-type: none"> <li>(a) the agreement (合資合同) dated 9 March 2015 between Qingdao Energy Group and CR Gas Investment (the “<b>Joint Venture Agreement</b>”);</li> <li>(b) the supplemental agreement to the Joint Venture Agreement (青島能源華潤燃氣有限公司合資合同補充協議一) dated 9 March 2015 between Qingdao Energy Group and CR Gas Investment; and</li> <li>(c) the capital increase agreement (增資協議書) dated 9 March 2015 between Qingdao Energy Group, CR Gas Investment and Qingdao Gas.</li> </ul>
“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;
“Qingdao Gas”	青島能源燃氣有限公司 (Qingdao Energy Gas Limited*), a wholly-owned subsidiary of Qingdao Energy Group incorporated in the PRC;
“Qingdao Energy Group”	青島能源集團有限公司 (Qingdao Energy Group Limited*), a state-owned enterprise established in Qingdao Municipal People’s Government of the PRC;
“RMB”	Renminbi, the lawful currency of the PRC;

“Stock Exchange”                    The Stock Exchange of Hong Kong Limited; and  
“Transaction”                        the transaction contemplated under the Joint Venture  
Documentation.

*For the purpose of illustration only, conversion of RMB to HK\$ in this announcement is based on the exchange rate of RMB1.00 to HK\$1.25. Such conversion should not be construed as a representation that any amounts have been, could have been, or may be, exchanged at this or any other rate.*

*The English transliteration of the Chinese name(s) in this announcement, where indicated with “\*”, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese names.*

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

Hong Kong, 9 March 2015

*As at the date of this announcement, the directors of the Company are Mr. Wang Chuandong, Mr. Shi Shanbo, Mr. Ge Bin and Mr. Ong Thiam Kin, being Executive Directors; Mr. Du Wenmin, Mr. Wei Bin, Mr. Chen Ying and Mr. Wang Yan, being Non-executive Directors; and Mr. Wong Tak Shing, Ms. Yu Jian, Mr. Yu Hon To, David and Mr. Qin Chaokui, being Independent Non-executive Directors.*