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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)

CONTINUING CONNECTED TRANSACTIONS
STRATEGIC COOPERATION AGREEMENTS 2024

Reference is made to the announcement of the Company dated 31 December 2021 in relation to the previous continuing connected transactions of the Company with CR Bank and CR Trust under the Strategic Cooperation Agreements 2021. As the Strategic Cooperation Agreements 2021 will expire on 31 December 2024, the Company entered into new strategic cooperation arrangements under the Strategic Cooperation Agreements 2024 on 31 December 2024 with CR Bank and CR Trust.

As at the date of this announcement, as CRI (being a holding company of CRH, which in turn, is a controlling shareholder of the Company) is directly interested in approximately 49.77% and indirectly interested in 51% of the registered capital of CR Bank and CR Trust respectively, CR Bank and CR Trust are connected persons of the Company under the Listing Rules.

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the highest annual caps under each of the Strategic Cooperation Agreements 2024 exceeds 0.1% but are all less than 5%, the transactions contemplated under the Strategic Cooperation Agreements 2024 are subject to the reporting, announcement and annual review requirements but are exempted from the circular and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 31 December 2021 in relation to the previous continuing connected transactions of the Company with CR Bank and CR Trust under the Strategic Cooperation Agreements 2021. As the Strategic Cooperation Agreements 2021 will expire on 31 December 2024, the Company entered into new strategic cooperation arrangements under the Strategic Cooperation Agreements 2024 on 31 December 2024 with CR Bank and CR Trust.

THE STRATEGIC COOPERATION AGREEMENTS 2024

CR Bank Strategic Cooperation Agreement 2024

- Parties: CR Bank and the Company.
- Date of agreement: 31 December 2024.
- Date of commencement of agreement: 1 January 2025.
- Term of the agreement: Three years ending 31 December 2027.
- Transaction nature: CR Bank Group agrees to provide to the Group and the Group may, from time to time, use the financial services normally provided by CR Bank which it is normally permitted to operate, including (but not limited to):
- (1) Financial services other than deposit: credit services (such as corporate loan, management of accounts receivable), settlement services, agency services, cash management services (such as fund collection and currency exchange services), financial consulting services (such as project financing and management consultation services) and other financial services as agreed by the parties.
 - (2) Deposit services: the Group may open deposit accounts with CR Bank Group and freely deposit funds into or withdraw funds from the CR Bank Group deposit accounts. The Group may also engage CR Bank Group in other deposit services to deposit funds such as call deposits and certificates of deposit.
- Pricing policy:
- (1) Financial services other than deposit: where the People's Bank of China or the China Banking and Insurance Regulatory Commission of the PRC provides for standard tariffs or charges in respect of these services, such standard tariffs or charges will apply. Reference will also be made to tariffs or charges imposed or offered by other major commercial banks on similar services in the same period. These services will be provided on terms no less favourable than terms available to, other independent customers of CR Bank Group engaging similar services.
 - (2) Deposit services: Any deposit made with CR Bank Group under these arrangements will bear the same interest and be on the same terms and conditions as would apply to a similar deposit made by any other customer of the bank, and the interest rate of any deposit will be assessed with reference to the rates published by the People's Bank of China as required or such other rates more preferential to the Group.

Subject to the CR Bank Strategic Cooperation Agreement 2024, the Group and CR Bank Group shall, in respect of specific financial services and products to be provided, enter into separate agreements which stipulate specific terms of each transaction. The terms of such agreements will be in line with the principles, terms and legal requirements of the CR Bank Strategic Cooperation Agreement 2024 between the Group and CR Bank Group and shall be on normal commercial terms and in compliance with Listing Rules.

CR Trust Strategic Cooperation Agreement 2024

Parties:	CR Trust and the Company.
Date of agreement:	31 December 2024.
Date of commencement of agreement:	1 January 2025.
Term of the agreement:	Three years ending 31 December 2027.
Transaction nature:	CR Trust Group agrees to provide to the Group and the Group may, from time to time, use trust and funds management services normally provided by CR Trust Group and which it is permitted to operate including, but not limited to: cash management, asset management, equity cooperation, consulting services, debenture underwriting services and other trust and financial services.
Pricing policy:	Where the China Banking and Insurance Regulatory Commission of the PRC provides for standard tariffs or charges in respect of these services, such standard tariffs or charges will apply. Reference will also be made to tariffs or charges imposed or offered by other major trust companies on similar services in the same period. These services will be provided on terms no less favourable, from the perspective of the Group, than terms available to other independent customers of CR Trust Group engaging similar services.

Subject to the CR Trust Strategic Cooperation Agreement 2024, the Group and CR Trust Group shall, in respect of specific financial services and products to be provided, enter into separate agreements which stipulate specific terms of each transaction. The terms of such agreements will be in line with the principles, terms and legal requirements of the CR Trust Strategic Cooperation Agreement 2024 between the Group and CR Trust Group and shall be on normal commercial terms and in compliance with Listing Rules.

Historical figures under the Strategic Cooperation Agreements 2021

Set out below are the approximate historical figures of: (i) the maximum daily amount of financial services and products provided by CR Bank and CR Trust to the Group (excluding deposit services and financial services provided by CR Bank Group and CR Trust Group where only the fees and commissions paid by the Group are used to calculate the relevant percentage ratios) and (ii) the maximum daily deposit amount placed by the Group with CR Bank at any one time during the year/period under the terms of the Strategic Cooperation Agreements 2021 during the years ended 31 December 2022 and 2023 and the 11 months ended 30 November 2024:

	For the year ended 31 December 2022 <i>RMB million</i>	For the year ended 31 December 2023 <i>RMB million</i>	For the 11 months ended 30 November 2024 <i>RMB million</i>
Maximum daily amount of financial services and products provided by CR Bank Group and CR Trust Group during the year/period*	0	0	0
Maximum daily deposit amount placed by the Group with CR Bank at any one time during the year/period	1,264	1,133	1,200

* for the avoidance of doubt, excluding the daily deposit amount placed by the Group with CR Bank Group

Annual caps under the Strategic Cooperation Agreements 2024

The proposed maximum daily amount of the financial services and products (other than deposit services) provided by CR Bank Group together with CR Trust Group to the Group (excluding deposit services and financial services provided by CR Bank and CR Trust where only the fees and commissions paid by the Group are used to calculate the relevant percentage ratios) is not expected to exceed RMB1,700 million for each of the three years ending 31 December 2025, 2026 and 2027.

The proposed maximum daily deposit amount to be placed by the Group with CR Bank Group is not expected to exceed RMB1,700 million for each of the three years ending 31 December 2025, 2026 and 2027.

Such maximum daily amount is applicable to each day during the relevant year, and is calculated on an individual basis outstanding as at the end of each day without aggregating with the amount incurred on the days before. Moreover, given the difference in the nature between (i) deposit and (ii) the financial services and products provided by CR Bank Group and CR Trust Group, separate maximum daily amounts are set for each of these services.

The proposed annual caps for deposit as well as the financial services and products on any single day under the Strategic Cooperation Agreements 2024 have been renewed and determined after taking into account of the Group's liquidity, business needs and the expected level of services to be received from CR Bank Group and CR Trust Group under the Strategic Cooperation Agreements 2024.

In determining the proposed annual caps, the Company has considered that the Group has had bank balances and cash of approximately or over RMB10 billion since 2020, with bank balances and cash of approximately RMB10.8 billion as at 30 June 2024.

While the Group has not engaged or purchased financial services and products offered by CR Bank Group and CR Trust Group as expected during the relevant period as financial services and products suitable for the Group had not been made available, in determining the maximum daily amount of financial services and products provided by CR Bank Group and CR Trust Group to the Group (for the avoidance of doubt, excluding the daily deposit amount placed by the Group with CR Bank Group), the Company has considered the Group's bank balances and cash as stated above. While the Group is not under any obligation to engage financial services and products provided by CR Bank Group and CR Trust Group pursuant to the Strategic Cooperation Agreements 2024, the Company has been communicating with CR Bank Group and CR Trust Group as to the need of the Group as well as the range of services and products that CR Bank Group and/or CR Trust Group may offer so as to allow the Group to consider and if appropriate, to engage or purchase suitable financial services and products in the near future. The proposed annual caps will allow the Group to increase the amount of financial services and products it may engage or purchase as and when appropriate, to enhance the Group's asset returns through the purchase of financial services and products, thereby increasing the returns of idle cash assets of the Group.

It is expected that the aggregate annual amount of fees and commissions paid by the Group for the financial services and products provided by CR Bank Group and CR Trust Group respectively during the term of the Strategic Cooperation Agreements 2024 will not exceed 0.1% of all applicable percentage ratios (other than the profits ratio) of the Listing Rules, and these arrangements will constitute de minimis transactions under the Listing Rules.

To the extent the aggregate annual amount of fees and commissions paid by the Group for the financial services and products provided by CR Bank Group and CR Trust Group during the term of the Strategic Cooperation Agreements 2024 exceeds 0.1% but are below 5% of such percentage ratios, these arrangements will constitute continuing connected transactions exempted from independent shareholders' approval but will be subject to the annual review by the independent non-executive Directors and the Company's auditors and a further announcement will be made by the Company stating the relevant caps as and when necessary. Under no circumstances will the amounts of fees and commissions paid in any one financial year exceed 5% of the percentage ratios, other than the profits ratio, of the Listing Rules unless the Company has obtained the prior approval of its independent shareholders.

Internal Control and Risk Management Measures

To protect shareholders' interests, the Group will adopt the following internal control procedures and corporate governance measures when engaging the deposit business of CR Bank Group:

1. The Group will check the benchmark interest rates for deposits published by the People's Bank of China and quoted by other commercial banks constantly;
2. Before making a deposit in CR Bank Group, the Group will check the interest rates offered by CR Bank Group against those provided by at least three major commercial banks that have established business relationship with the Group, with the aim to ensure that the deposit interest rate is not lower than the then applicable interest rate for the same deposit services from other domestic commercial banks in the PRC;

3. The Group will closely monitor the transactions contemplated under any agreements for deposit businesses from CR Bank Group and will report on relevant transactions to the management of the Group on a regular basis;
4. To manage the relevant risks, the Group will request CR Bank Group to provide us with sufficient information on various financial indicators and annual financial statements so that the Group is able to monitor and review its financial conditions. Subject to compliance with laws and regulations, CR Bank Group must notify the Group on any judicial, legal or regulatory procedures or investigations having material effect on its financial conditions. If the Group considers that any material adverse changes have occurred in the financial conditions of CR Bank Group, the Group will adopt appropriate measures (including early withdrawal of deposits or suspend the placement of further deposits) to safeguard the financial conditions of the Group; and
5. The Group will review periodic report(s) submitted by CR Bank Group in order to monitor and ensure that the proposed annual cap will not be exceeded.

To protect shareholders' interests, the Group will adopt the following internal control procedures and corporate governance measures when engaging CR Bank Group and CR Trust Group for their financial services and products:

1. Before entering into any contract or agreements with CR Bank Group and CR Trust Group, the Group will check the tariffs or charges offered by CR Bank Group and CR Trust Group against those provided by at least three major commercial banks and/or major trust companies that have established business relationship with the Group, with the aim to ensure that the tariffs or charges are appropriate;
2. The Group will closely monitor the transactions contemplated under any agreements for financial services and products of CR Bank Group and CR Trust Group and will report on relevant transactions to the management of the Group on a regular basis;
3. To manage the relevant risks, the Group will request CR Bank Group and CR Trust Group to provide us with sufficient information on various financial indicators and annual financial statements so that the Group is able to monitor and review its financial conditions. Subject to compliance with laws and regulations, CR Bank Group and CR Trust Group must notify the Group on any judicial, legal or regulatory procedures or investigations having material effect on its financial conditions. If the Group considers that any material adverse changes have occurred in the financial conditions of CR Bank Group and CR Trust Group, the Group will adopt appropriate measures to safeguard the financial conditions of the Group; and
4. The Group will review periodic report(s) submitted by CR Bank Group and CR Trust Group in order to monitor and ensure that the proposed annual cap will not be exceeded.

LISTING RULES IMPLICATIONS

As at the date of this announcement, as CRI (being a holding company of CRH, which in turn, is a controlling shareholder of the Company) is directly interested in approximately 49.77% and indirectly interested in 51% of the registered capital of CR Bank and CR Trust respectively, CR Bank and CR Trust are connected persons of the Company under the Listing Rules.

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the highest annual caps under each of the Strategic Cooperation Agreements 2024 exceeds 0.1% but are all less than 5%, the transactions contemplated under the Strategic Cooperation Agreements 2024 are subject to the reporting, announcement and annual review requirements but are exempted from the circular and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Strategic Cooperation Agreements 2024 will enable the Group to use the financial services of CR Trust and CR Bank and to support their development within the China Resources Group on normal commercial terms and on a scale which will not place the Group's resources at risk or affect its relationship with other financial institutions.

All Directors (including independent non-executive Directors) consider the Strategic Cooperation Agreements 2024 were negotiated on an arm's length basis and are on normal commercial terms, were entered in the ordinary and usual course of business and the relevant terms and annual caps are fair and reasonable and in the interests of the Company and its shareholders as a whole.

None of the Directors has any material interest in the Strategic Cooperation Agreements 2024 and the transactions contemplated thereunder and none of the Directors abstained from voting on the board resolutions approving the Strategic Cooperation Agreements 2024 and the transactions contemplated thereunder.

INFORMATION OF CR BANK, CR TRUST AND THE COMPANY

CR Bank

CR Bank is a licensed bank regulated by the China Banking and Insurance Regulatory Commission of the PRC and headquartered in Zhuhai. As at 30 November 2024, CR Bank had around 109 branches and sub-branches in the PRC. CR Bank is ultimately owned by China Resources Company Limited (中國華潤有限公司), a state-owned enterprise in the PRC under the supervision of the SASAC.

CR Trust

As at the date of this announcement, CRI is indirectly interested in 51% equity interest in CR Trust and the remaining 49% equity interest of CR Trust is indirectly held by the State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen. The registered capital of CR Trust is RMB11 billion. With the headquarters located in Shenzhen, the PRC, CR Trust is authorised by the relevant regulatory body to conduct business on a nationwide basis in the PRC. CR Trust is ultimately owned by China Resources Company Limited (中國華潤有限公司), a state-owned enterprise in the PRC under the supervision of the SASAC.

The Company

The Company is an investment holding company which through its subsidiaries and jointly controlled entities in the PRC, operates city gas distribution projects in the PRC including natural gas pipelines and compressed natural gas filling stations.

DEFINITIONS

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

“China Resources Group”	CRI, CRH and their respective subsidiaries
“Company”	China Resources Gas Group Limited (華潤燃氣控股有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock code: 1193)
“CR Bank”	China Resources Bank of Zhuhai Co., Ltd. (珠海華潤銀行股份有限公司), a municipal bank headquartered in Zhuhai, in which CRI holds approximately a 49.77% equity interest as at the date of this announcement
“CR Bank Group”	CR Bank and its subsidiaries
“CR Bank Strategic Cooperation Agreement 2024”	the strategic cooperation agreement entered into by CR Bank and the Company on 31 December 2024
“CR Bank Strategic Cooperation Agreement 2021”	the strategic cooperation agreement entered into by CR Bank and the Company on 31 December 2021
“CR Trust”	China Resources SZITIC Trust Co., Ltd. (華潤深國投信託有限公司), in which CRI indirectly holds a 51% equity interest as at the date of this announcement
“CR Trust Group”	CR Trust and its subsidiaries
“CR Trust Strategic Cooperation Agreement 2024”	the strategic cooperation agreement entered into by CR Trust and the Company on 31 December 2024
“CR Trust Strategic Cooperation Agreement 2021”	the strategic cooperation agreement entered into by CR Trust and the Company on 31 December 2021
“CRI”	China Resources Inc. (華潤股份有限公司), a joint stock limited liability company incorporated in the PRC, which is an indirect holding company of CRH
“CRH”	China Resources (Holdings) Company Limited (華潤(集團)有限公司), a company incorporated in Hong Kong with limited liability

“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries and jointly controlled entities
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“independent shareholders”	shareholders of the Company other than CRH and its associates, as defined in the Listing Rules
“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, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategic Cooperation Agreements 2021”	the CR Bank Strategic Cooperation Agreement 2021 and the CR Trust Strategic Cooperation Agreement 2021
“Strategic Cooperation Agreements 2024”	the CR Bank Strategic Cooperation Agreement 2024 and the CR Trust Strategic Cooperation Agreement 2024

By order of the board
China Resources Gas Group Limited
YANG Ping
Chairman

Hong Kong, 31 December 2024

As at the date of this announcement, the Directors of the Company are Mr. YANG Ping, Ms. QIN Yan and Mr. LI Xiaoshuang, being Executive Directors; Mr. WANG Gaoqiang, Mr. LIU Jian, Ms. GE Lu, Mr. LI Weiwei and Mr. ZHANG Junzheng, being Non-executive Directors; and Mr. WONG Tak Shing, Mr. YU Hon To, David, Mr. YANG Yuchuan and Mr. LI Pok Yan, being Independent Non-executive Directors.