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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)

CONNECTED TRANSACTION
JOINT BIDDING OF TARGET INTERESTS

THE JOINT INVESTMENT AGREEMENT

On 16 June 2022, the Company entered into the Joint Investment Agreement with Jiaxing Runkang and Chengdu Wenyuan, pursuant to which, the Company, Jiaxing Runkang and Chengdu Wenyuan agreed to form the Consortium to jointly participate in the Bidding for the Target Interests.

Pursuant to the Joint Investment Agreement, each of the Company, Jiaxing Runkang and Chengdu Wenyuan shall contribute towards the Deposit of approximately RMB691.09 million, of which the Company shall contribute approximately RMB622.69 million.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CRI is the controlling shareholder of the Company and interested in approximately 61.46% of the total issued share capital of the Company. Therefore, CRI is a connected person and a controlling shareholder of the Company under Chapter 14A of the Listing Rules. CRI is also the controlling shareholder of Jiaxing Runkang and Chengdu Wenyuan. Therefore, Jiaxing Runkang and Chengdu Wenyuan are associates of CRI and connected persons of the Company respectively. Accordingly, the transactions contemplated under the Joint Investment Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the amount of the Deposit to be paid by the Company under the Joint Investment Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under the Joint Investment Agreement are subject to the reporting and announcement requirements, but exempt from the shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

THE JOINT INVESTMENT AGREEMENT

On 16 June 2022, the Company entered into the Joint Investment Agreement with Jiaxing Runkang and Chengdu Wenyuan, pursuant to which, the Company, Jiaxing Runkang and Chengdu Wenyuan agreed to form the Consortium to jointly participate in the bidding for the Target Interests.

Principal terms of the Joint Investment Agreement are set out below:

- Date : 16 June 2022
- Parties : (1) The Company;
(2) Jiaxing Runkang; and
(3) Chengdu Wenyuan
- Subject Matter : Pursuant to the Joint Investment Agreement, the Company, Jiaxing Runkang and Chengdu Wenyuan shall form the Consortium to jointly participate in the Bidding for the Target Interests, namely:-
- (i) the entire equity interests in Deyang Gas held as to 70% by Sichuan Guoke Asset Management Co., Ltd.* (四川國科資產管理有限公司) and 30% by Sichuan Hanlong Hi-tech Development Co., Ltd.* (四川漢龍高新技術開發有限公司);
 - (ii) 100% equity interests in Hanlong Industry held by Sichuan Guoke Asset Management Co., Ltd.* (四川國科資產管理有限公司); and
 - (iii) 84.6154% equity interests in Temple Square Development held as to 53.8562% by Sichuan Guoke Asset Management Co., Ltd.* (四川國科資產管理有限公司) and 30.7692% by Deyang Gas.

Upon successful bidding by the Consortium at the Bidding, the Consortium shall allocate the ownership of the Target Interests in the following manner:

- (i) Deyang Gas to be held by the Company as to 100%;
- (ii) Hanlong Industry to be held by Jiaxing Runkang and Chengdu Wenyuan as to 70% and 30% respectively, and
- (iii) Temple Square Development to be held by Jiaxing Runkang and Chengdu Wenyuan as to 70% and 14.6154% respectively.

Each of the Company, Jiaxing Runkang and Chengdu Wenyuan shall enter into separate ownership transaction agreements with the respective transferor of the Target Interests in accordance with the above allocation of the Target Interests.

Hence, upon successful Bidding of the Target Interests, the entire equity interests in Deyang Gas will be acquired by the Company. As the Possible Acquisition is subject to the result of Bidding and further agreement to be entered into by the Company, the Company will review and comply with the relevant requirements under the Listing Rules as and when necessary.

Payment of Deposit : The Deposit in the amount of approximately RMB691.09 million will be paid by the Company for and on behalf of the Consortium to SWUEE in order to participate in the Bidding. The Company will contribute RMB622.69 million towards to Deposit and the rest of the Deposit will be contributed by Jiaxing Runkang and Chengdu Wenyuan.

The proportion of the Deposit to be contributed by each of the Company, Jiaxing Runkang and Chengdu Wenyuan was determined with reference to the estimated amount of consideration to be paid by each of the Company, Jiaxing Runkang and Chengdu Wenyuan for the possible acquisition of the Target Interests.

The Deposit will be applied towards settling part of the consideration for the possible transfer of the Target Interests and other related fees and/or expenses if the Consortium is successful in the Bidding. If the Consortium fails in the Bidding, SWUEE will return the Deposit to the Company, as representative of the Consortium, without interest within five business days following the date on which the bidding results are announced and the Company shall then refund the amount that each of Jiaxing Runkang and Chengdu Wenyuan contributed respectively.

The Company will finance the payment of its proportion of the Deposit by its internal resources.

INFORMATION ON THE TARGET INTERESTS

Deyang Gas is a company with limited liability established in the PRC and is principally engaged in development and transmission of natural gas, engineering design, installation, maintenance and sales of natural gas equipment in Deyang, Sichuan, the PRC. Deyang Gas also holds 55% equity interests in Guanghan Gas, a company with limited liability established in the PRC and is principally engaged in development and transmission of natural gas, engineering design, installation, maintenance and sales of natural gas equipment in Guanghan City, Sichuan, the PRC.

Hanlong Industry is a company with limited liability established in the PRC and is principally engaged in equity investment and project investment (but excluding businesses requiring prior approval such as finance, securities, insurance and financing guarantee).

Temple Square Development is a company with limited liability established in the PRC and is principally engaged in investment in and leasing of real properties, wholesale and retail of building materials, hardware tools, building hardware, chemical products and raw materials (excluding dangerous goods and precursor chemicals), decorative materials, general machinery, electrical machinery and equipment.

Based on the information available to the Company, the transferors of the Target Interests, namely Sichuan Guoke Asset Management Co., Ltd.* and Sichuan Hanlong Hi-tech Development Co., Ltd.* are ultimately and beneficially owned by the People's Government of Sichuan.

REASONS FOR AND BENEFITS OF ENTERING INTO THE JOINT INVESTMENT AGREEMENT

The Group is principally engaged in the downstream gas distribution business in the PRC and Deyang Gas is a leading downstream gas distribution operator in the Deyang area of the PRC. In this regard, the Company considers that Deyang Gas possesses quality assets and great growth potential and the acquisition of it will allow the Group to expand its network and influence in Sichuan, creating synergy among other members of the Group that operate in Sichuan province.

As the Target Interests are being offered by Sichuan Guoke Asset Management Co., Ltd.* and Sichuan Hanlong Hi-tech Development Co., Ltd.* for Bidding as a bundle, acquisition of Deyang Gas is only possible together with the acquisition of other Target Interests. Entering into the Joint Investment Agreement enables the Group to acquire Deyang Gas without having to acquire the equity interests of Hanlong Industry and Temple Square Development, the principal businesses of which are unrelated to the principal business of the Group.

The arrangement under the Joint Investment Agreement provides the Group with an invaluable opportunity to acquire Deyang Gas and consolidate its leading position in the industry and further its business development.

The terms of the Joint Investment Agreement and transactions contemplated thereunder were determined after arm's length negotiations between the respective parties to the Joint Investment Agreement. The Directors (including the independent non-executive Directors) are of the view that the terms of the Joint Investment Agreement and transactions contemplated thereunder are fair and reasonable, and the entering into of the Joint Investment Agreement is on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

None of the Directors have any material interest in the Joint Investment Agreement and none of them is required to be abstained from voting on the relevant board resolutions.

INFORMATION ON THE PARTIES

The Company

The Company is a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange. As at the date of this announcement, approximately 61.46% of the issued shares of the Company are indirectly held by CRI, which is ultimately owned by CRNC, a state-owned enterprise in the PRC under the supervision of the SASAC. The Company is an investment holding company which through its subsidiaries and jointly controlled entities in the PRC, operates city gas distribution projects in China including natural gas pipelines and compressed natural gas filling stations.

Jiaying Runkang

Jiaying Runkang is a limited partnership enterprise incorporated in the PRC and as at the date of this announcement, Jiaying Runkang is held as to 99.99% by CR YuKang and 0.01% by Jiaying Runkang Yunjiu Investment Partnership (Limited Partnership)* (嘉興潤康運玖投資合夥企業(有限合夥)). CR YuKang is ultimately owned by CRNC, a state-owned enterprise in the PRC under the supervision of SASAC. Jiaying Runkang is principally engaged in corporate management and equity investment.

Chengdu Wenyuan

Chengdu Wenyuan is a limited partnership enterprise incorporated in the PRC and as at the date of this announcement, Chengdu Wenyuan is held as to 99.9831% by CR YuKang and 0.0169% by Jiaying Runkang Yunjiu Investment Partnership (Limited Partnership)* (嘉興潤康運玖投資合夥企業(有限合夥)). CR YuKang is ultimately owned by CRNC, a state-owned enterprise in the PRC under the supervision of SASAC. Chengdu Wenyuan is principally engaged in corporate management consultation.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, CRI is the controlling shareholder of the Company and interested in approximately 61.46% of the total issued share capital of the Company. Therefore, CRI is a connected person and a controlling shareholder of the Company under Chapter 14A of the Listing Rules. CRI is also the controlling shareholder of Jiaxing Runkang and Chengdu Wenyuan. Therefore, Jiaxing Runkang and Chengdu Wenyuan are associates of CRI and connected persons of the Company respectively. Accordingly, the transactions contemplated under the Joint Investment Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the amount of the Deposit to be paid by the Company under the Joint Investment Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under the Joint Investment Agreement are subject to the reporting and announcement requirements, but exempt from the shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

No formal equity transfer agreement in relation to the possible transfer of the Target Interests has been entered into by any parties to the Joint Investment Agreement as at the date of this announcement. In the event of successful Bidding of the Target Interests, the entire equity interests in Deyang Gas will be acquired by the Company. As the Possible Acquisition is subject to the result of Bidding and further agreement to be entered into by the Company, the Company will review and comply with the relevant requirements under the Listing Rules as and when necessary.

Shareholders and potential investors are reminded that the Possible Acquisition is subject to, among other things, successful bidding of the Target Interests by the Consortium at the Bidding. There is no assurance by the Company that the Possible Acquisition will materialise or be undertaken by the Company and thus the Possible Acquisition may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Bidding”	the online bidding organised by SWUEE in respect of the Target Interests;
“Board”	the board of directors of the Company;
“Chengdu Wenyuan”	Chengdu Wenyuan Jinrui Enterprise Management Partnership (Limited Partnership)* (成都文源錦睿企業管理合夥企業(有限合夥)), a limited partnership enterprise incorporated in the PRC and ultimately controlled by CRNC;
“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);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;

“Consortium”	a consortium comprising the Company, Jiaxing Runkang and Chengdu Wenyuan formed under the Joint Investment Agreement;
“CR YuKang”	China Resources YuKang Asset Management Co., Ltd.* (華潤渝康資產管理有限公司), a company incorporated in the PRC with limited liability and a subsidiary of CRI;
“CRI”	China Resources Inc. (華潤股份有限公司), a company incorporated in the PRC with limited liability and ultimately wholly owned by CRNC;
“CRNC”	China Resources Company Limited (中國華潤有限公司), a company incorporated in the PRC with limited liability;
“Deposit”	an amount of RMB691.09 million (approximately HK\$814.80 million) paid by the Company for and on behalf of the Consortium in order to participate in the Bidding;
“Deyang Gas”	Sichuan Deyang Natural Gas Co., Ltd.* (四川德陽天然氣有限責任公司), a wholly state-owned enterprise with limited liability established in the PRC;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Hanlong Industry”	Hanlong Industry Development Co., Ltd.* (漢龍實業發展有限公司), a wholly state-owned enterprise with limited liability established in the PRC;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Jiaxing Runkang”	Jiaxing Runkang Chenyi Investment Partnership (Limited Partnership)* (嘉興潤康宸壹投資合夥企業(有限合夥)), a limited partnership enterprise incorporated in the PRC and ultimately owned by CRNC;
“Joint Investment Agreement”	the joint investment agreement dated 16 June 2022 entered into among the Company, Jiaxing Runkang and Chengdu Wenyuan in respect to the formation of the Consortium and their joint participation in the Bidding, as further supplemented by the supplemental agreement of even date entered into by the same parties;
“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;
“Possible Acquisition”	the possible acquisition of Deyang Gas by the Company upon successful Bidding of the Target Interests by the Consortium;
“RMB”	Renminbi, the lawful currency of the PRC;

“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“SWUEE”	The Southwest United Equity Exchange* (西南聯合產權交易所) of the PRC;
“Target Interests”	collectively, (i) the entire equity interests in Deyang Gas held by Sichuan Guoke Asset Management Co., Ltd.* (四川國科資產管理有限公司) and Sichuan Hanlong Hi-tech Development Co., Ltd.* (四川漢龍高新技術開發有限公司); (ii) the entire equity interests in Hanlong Industry held by Sichuan Guoke Asset Management Co., Ltd.* (四川國科資產管理有限公司), and (iii) 84.6154% equity interests in Temple Square Development held by Sichuan Guoke Asset Management Co., Ltd.* (四川國科資產管理有限公司) and Deyang Gas;
“Temple Square Development”	Sichuan Deyang Confucian Temple Square Development Co., Ltd.* (四川省德陽文廟廣場開發有限公司), a wholly state-owned enterprise with limited liability established in the PRC;
“%”	per cent.

* *For identification purposes only*

By order of the Board
CHINA RESOURCES GAS GROUP LIMITED
WANG Chuandong
Chairman

Hong Kong, 16 June 2022

As at the date of this announcement, the Executive Directors of the Company are Mr. YANG Ping and Mr. GE Bin, the Non-executive Directors of the Company are Mr. WANG Chuandong, Mr. WANG Gaoqiang, Mr. LIU Xiaoyong and Mr. LIU Jian and the Independent Non-executive Directors of the Company are Mr. WONG Tak Shing, Mr. YU Hon To, David, Mr. YANG Yuchuan and Mr. HU Xiaoyong.