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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 2018**

Reference is made to the announcement of the Company dated 30 December 2015 in relation to the previous continuing connected transactions of the Company with CR Bank and CR Trust under the Strategic Cooperation Agreements 2015. As the Strategic Cooperation Agreements 2015 will be expired on 31 December 2018, the Company enters into the Strategic Cooperation Agreements 2018 for the new strategic cooperation arrangements with CR Bank and CR Trust.

By virtue of CRC being the controlling shareholder of CRH, which in turn holds a controlling interest in the Company, CRC and CRH are connected persons to the Company as defined under the Listing Rules. As at the date of this announcement, CRC, being a controlling shareholder of the Company, holds approximately 75.33% and 51% of the registered capital of CR Bank and CR Trust respectively, therefore CR Bank and CR Trust are connected persons of the Company under the Listing Rules.

As each of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of each of the annual caps under the Strategic Cooperation Agreements 2018 exceed 0.1% but are less than 5%, the continuing connected transactions contemplated under the Strategic Cooperation Agreements 2018 are only subject to the reporting, announcement and annual review requirements but are exempted from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 30 December 2015 in relation to the previous continuing connected transactions of the Company with CR Bank and CR Trust under the Strategic Cooperation Agreements 2015. As the Strategic Cooperation Agreements 2015 will be expired on 31 December 2015, the Company enters into the Strategic Cooperation Agreements 2018 whereby the annual caps for deposit and non-deposit services to be received from CR Bank and the annual caps for non-deposit services to be received from CR Trust are renewed taking into account of the Group's liquidity, business needs and the expected level of services to be received under the Strategic Cooperation Agreements 2018.

THE STRATEGIC COOPERATION AGREEMENTS 2018

CR Bank Strategic Cooperation Agreement 2018

Parties:	CR Bank and the Company.
Date of agreement:	31 December 2018.
Date of commencement of agreement:	1 January 2019.
Term of the agreement:	Three years ending 31 December 2021.
Transaction nature:	<p>CR Bank agrees to provide to the Group and the Group may, from time to time, use the banking services normally provided by CR Bank which it is normally permitted to operate, including (but not limited to):</p> <ol style="list-style-type: none">(1) Banking services other than deposit: credit services (such as corporate loan, management of accounts receivable), deposit services (such as call deposit), 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.(2) Deposit services: deposit service including any type of cash management which is regarded as deposit under the Listing Rules to the Company together with its subsidiaries and jointly controlled entities.
Pricing policy:	<ol style="list-style-type: none">(1) Banking services other than deposit: the service charges which the Group will pay CR Bank will be set in accordance with normal commercial terms, and no higher than the tariff standards announced by CR Bank to the public.(2) Deposit: Any deposit made with CR Bank 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 preferred rate offered in the market.

Subject to the CR Bank Strategic Cooperation Agreement 2018, the Group and CR Bank 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 strategic cooperation between the Group and CR Bank.

CR Trust Strategic Cooperation Agreement 2018

Parties:	CR Trust and the Company.
Date of agreement:	31 December 2018.
Date of commencement of agreement:	1 January 2019.
Term of the agreement:	Three years ending 31 December 2021.
Transaction nature:	CR Trust 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 and which it is permitted to operate including, but not limited to: cash management, asset management, custodian trust loan, equity cooperation, shares nominee, account receivable purchasing, buying and resale, consulting services, bonds underwriting services, securities and money funds, and other trust services.
Pricing policy:	The service charges which the Group will pay CR Trust will be set in accordance with normal commercial terms, and no higher than the tariff standards announced by CR Trust to the public.

Subject to the CR Trust Strategic Cooperation Agreement 2018, the Group and CR Trust 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 strategic cooperation between the Group and CR Trust.

Historical figures under the Strategic Cooperation Agreements 2015

Set out below are the approximate historical figures of 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 and CR Trust where only the fees and commissions paid by the Group are used to calculate the relevant percentage ratios) under the terms of the Strategic Cooperation Agreements 2015 during the year ended 31 December 2015 and 2016 and the ten months ended 31 October 2018:

	For the year ended 31 December 2016 <i>RMB million</i>	For the year ended 31 December 2017 <i>RMB million</i>	For the ten months ended 31 October 2018 <i>RMB million</i>
Maximum daily amount of financial services and products provided by CR Bank during the year/period	800	400	900
Maximum daily amount of financial services and products provided by CR Trust during the year/period	0	0	0

The actual historical maximum aggregate deposit made by the Group with CR Bank at any one time under the terms of the Strategic Cooperation Agreements 2015 during the year ended 31 December 2016 and 2017 and the ten months ended 31 October 2018 were approximately RMB1,281 million, RMB1,384 million and RMB1,384 million respectively.

Annual caps under the Strategic Cooperation Agreements 2018

The proposed maximum daily amount of the financial services and products (other than deposit services) provided by CR Bank together with CR Trust 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 2019, 2020 and 2021.

The proposed daily deposit cap with CR Bank is not expected to exceed RMB1,700 million for each of the three years ending 31 December 2019, 2020 and 2021.

The proposed annual caps for financial services and products under the Strategic Cooperation Agreements 2018 have been determined after taking into account the Group's liquidity, business needs and the expected level of services to be received from CR Bank and CR Trust under the Strategic Cooperation Agreements 2018.

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 and CR Trust respectively during the term of the Strategic Cooperation Agreements 2018 will not exceed 0.1% of the 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 and CR Trust during the term of the Strategic Cooperation Agreements 2015 exceeds 0.1% and is 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 of the Company 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.

LISTING RULES IMPLICATIONS

By virtue of CRC being the controlling shareholder of CRH, which in turn holds a controlling interest in the Company, CRC and CRH are connected persons to the Company as defined under the Listing Rules. As at the date of this announcement, CRC, being a controlling shareholder of the Company, holds approximately 75.33% and 51% of the registered capital of CR Bank and CR Trust respectively, therefore CR Bank and CR Trust are connected persons of the Company under the Listing Rules.

As each of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of each of the annual caps for deposit services to be received from CR Bank, and the aggregated annual caps for the non-deposit services to be received from CR Bank and CR Trust under the Strategic Cooperation Agreements 2015 exceed 0.1% but are less than 5%, the continuing connected transactions contemplated under the Strategic Cooperation Agreements 2015, are only subject to the reporting, announcement and annual review requirements but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

None of the Directors has any material interest in the Strategic Cooperation Agreements 2018 and the transactions contemplated thereunder.

REASONS FOR AND BENEFITS OF THE PROPOSALS

The Strategic Cooperation Agreements 2018 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 of the Company (including independent non-executive directors of the Company) consider the Strategic Cooperation Agreements 2018 were negotiated on an arm's length basis and are on normal commercial terms, and the relevant terms and annual caps are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION OF CR BANK, CR TRUST AND THE COMPANY

CR Bank

CR Bank, a licensed bank regulated by the China Banking Regulatory Commission and headquartered in Zhuhai. As at October 2018, CR Bank had 92 branches and sub-branches.

CR Trust

As at the date of this announcement, CRC holds a 51% equity interest in CR Trust and the remaining 49% equity interest of CR Trust is held by the State-owned Assets Supervision and Administration Commission of Shenzhen. The registered capital of CR Trust is approximately RMB2.63 billion. With the headquarters located in Shenzhen, China, CR Trust is authorised by the relevant regulatory body to conduct business on a nationwide basis in the PRC.

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 China 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”	CRC, 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 CRC holds approximately a 75.33% equity interest as at the date of this announcement
“CR Bank Strategic Cooperation Agreement 2018”	the strategic cooperation agreement entered into by CR Bank and the Company on 31 December 2018
“CR Trust”	China Resources SZITIC Trust Co., Ltd. (華潤深國投信托有限公司), in which CRC holds a 51% equity interest as at the date of this announcement
“CR Trust Strategic Cooperation Agreement 2018”	the strategic cooperation agreement entered into by CR Trust and the Company on 31 December 2018
“CRC”	China Resources Co., Limited, a joint stock limited liability company incorporated in the PRC, which is the holding company of CRH and the banking and trust activities in which the China Resources Group has an interest
“CRH”	China Resources (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and the intermediate holding company of the China Resources Group in Hong Kong, holding all the China Resources Group’s material interests apart from its banking and trust activities
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries and jointly controlled entities

“Hong Kong”	the Hong Kong Special Administrative Region, the People’s Republic of China
“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 and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategic Cooperation Agreements 2018”	the CR Bank Strategic Cooperation Agreement 2018 and the CR Trust Strategic Cooperation Agreement 2018

For illustrative purpose of this announcement only, conversion of RMB into HK\$ is made at the rate of RMB1.00 = HK\$1.1265.

By order of the board
China Resources Gas Group Limited
Wang Chuandong
Chairman

Hong Kong, 31 December 2018

As at the date of this announcement, the directors of the Company are Mr. Wang Chuandong, Mr. Shi Baofeng and Mr. Ge Bin, being Executive Directors; Mr. Chen Ying, Mr. Wang Yan, Madam Wan Suet Fei and Mr. Jing Shiqing, being Non-executive Directors; and Mr. Wong Tak Shing, Mr. Yu Hon To, David and Mr. Yang Yuchuan, being Independent Non-executive Directors.