



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

CR GAS BOARD OF DIRECTORS APPROVED JOINT VENTURE WITH TIANJIN GAS FURTHER ENHANCE THE GROUP'S BUSINESS Foothold IN NORTHERN CHINA

The board of directors of China Resources Gas Group Limited ("CR Gas" or the "Company", stock code: 1193; together with its subsidiaries, the "Group") has approved and ratified the proposed terms of the formation of a joint venture company (the "Joint Venture") with Tianjin Gas Group Co., Ltd. ("Tianjin Gas") for the construction, operation and supply of natural gas through gas pipelines in Tianjin, the People's Republic of China ("PRC").

"We are pleased to join hands with Tianjin Gas, as the cooperation presents an excellent window for us to enter the Northern China market. Through the establishment of the Joint Venture, we will benefit from an immediate access to the local market and eventually the Greater Tianjin-Binhai Region, one of the fastest growing regions in China in the next 10 years. Tianjin has huge development potential and is a key location which we target to achieve very significant business growth in the coming years. The Joint Venture will also accelerate our aspiration to become one of the largest pan-China city gas operators in the PRC," said Mr Ma Guoan, Chairman of CR Gas.

According to the joint venture contract entered into on 2 November 2011, the registered capital of the proposed Joint Venture is RMB5 billion, of which CR Gas and Tianjin Gas will respectively contribute to 49 per cent (being RMB2.45 billion) and 51 per cent (being RMB2.55 billion) of the registered capital by way of cash contribution and by way of the contribution of operating assets and equity interests in companies engaged in the gas supply or related business respectively. The current assets of Tianjin Gas in the city include the interest in Tianjin Tianlian Public Utilities Company Limited (stock code: 1265), which will be acquired by the proposed Joint Venture in the future, subject to further discussion as to consideration and timing.

Tianjin is a direct administrative municipality with a population of some 13 million occupying an area of some 12,000 square kilometres. In 2010, it ranked sixth in terms of GDP among all cities in China, while sustaining the highest GDP growth rate in the country. Its average annual growth rate of GDP was over 12 per cent for 11 consecutive years. In particular, the Tianjin Binhai New Area accounted for more than half of Tianjin's GDP, with industrial GDP accounting for about two-thirds of the city's. The industrial sector will continue to be the growth driver of Tianjin in the foreseeable future. According to the central government's planning, Tianjin will be developed into an international harbour city, economic centre in northern China and an ecological city. According to Tianjin municipal government planning, natural gas consumption as a percentage of primary energy consumption will surge from the current 2.69 per cent to 8 per cent in 2015.

The cash capital contribution of CR Gas will be funded by internal resources and bank borrowings of the Company.

The Group currently operates 64 city gas projects in 15 provinces including 6 provincial capitals and 1 direct administrative municipality with annualised gas sale volume of some 6.7 billion m³.

About CR Gas

CR Gas is principally engaged in downstream city gas distribution business including piped natural gas distribution and CNG (compressed natural gas) filling stations operation. Its operations are strategically located in areas of China with rich reserves of natural gas and areas which are economically more developed and densely populated. CR Gas aspires to become a respected market leader in downstream city gas distribution business in China.

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