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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
FRAMEWORK LOAN AGREEMENTS 2023**

THE FRAMEWORK LOAN AGREEMENTS 2023

Reference is made to the announcement of the Company dated 18 December 2019 in relation to, among other things, the entering of the Framework Loan Agreements 2019. As the Framework Loan Agreements 2019 expired on 31 December 2022 and the Group is expected to continue to carry on the transactions contemplated thereunder after its expiry, the Company has entered into new lending arrangements under the Framework Loan Agreements 2023 on 22 February 2023 whereby the annual lending caps are renewed taking into account the Group's operational scale and cash levels.

LISTING RULES IMPLICATIONS

By virtue of CRI being the controlling shareholder of CRH, which in turn holds a controlling interest in the Company, CRI and CRH are connected persons to the Company as defined under the Listing Rules.

As one or more applicable size test percentage ratios in respect of each of the annual lending caps for the transactions contemplated under the Framework Loan Agreements 2023 exceed 0.1% but are less than 5%, the transactions contemplated thereunder are only subject to the reporting, announcement and annual review requirements but are exempted from the Independent Shareholders' approval requirement of the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 18 December 2019 in relation to, among other things, the entering of the Framework Loan Agreements 2019. As the Framework Loan Agreements 2019 expired on 31 December 2022 and the Group is expected to continue to carry on the transactions contemplated thereunder after its expiry, the Company has entered into new lending arrangements under the Framework Loan Agreements 2023 on 22 February 2023 whereby the annual lending caps are renewed taking into account the Group's operational scale and cash levels.

THE FRAMEWORK LOAN AGREEMENTS 2023

Offshore Framework Loan Agreement 2023

Parties	:	CRH and the Company
Date of agreement	:	22 February 2023
Date of commencement of agreement	:	22 February 2023
Term of the agreement	:	From 22 February 2023 to 31 December 2025. Subject to compliance with the Listing Rules and other applicable laws and regulations, the parties may renew the term of the Offshore Framework Loan Agreement 2023 upon expiry.
Lenders	:	The Company and any of its subsidiaries which has become a party to the Offshore Framework Loan Agreement 2023 by acceding to its terms, but excluding any entity which is established in the PRC.
Borrowers	:	CRH, any China Resources Group listed company and any of their subsidiaries, which has become a party to the Offshore Framework Loan Agreement 2023 by acceding to its terms, but excluding any entity which is established in the PRC and any member of the Group. Each borrower may borrow in HKD, RMB or USD.
Guarantor(s) for loans made by the Group	:	CRH (except where the borrower is CRH) and, in the case of an advance to a subsidiary of a China Resources Group listed company, that China Resources Group listed company. On the repayment date (or if applicable, the early repayment date), the borrowers which are not wholly owned by CRH shall pay to CRH a guarantee fee at a rate of 0.05% per annum on the amount of the advance(s) granted by the Group to the relevant borrower in relation to the guarantees granted by CRH for the relevant period. The rate of the guarantee fee is determined with reference to the prevailing rate of guarantee fee charged by third party financial institutions.
Aggregate amounts to be advanced	:	The maximum aggregate amount outstanding lent by the Group under both of the Framework Loan Agreements 2023 is not permitted to exceed the amounts set out under the section below headed “Annual lending caps under the Framework Loan Agreements 2023”.
Repayment date	:	The repayment date for an advance made under the Offshore Framework Loan Agreement 2023 shall be no later than six months after the date of advance.

- Interest rate in respect of HKD advances : The rate per annum as determined by the relevant lender and the borrower as being the aggregate of (i) the relevant HIBOR for such a HKD advance; and (ii) a margin (which must not be a negative number) and shall not be less than:
- (a) the higher of (i) the rate at which CRH or a corporate borrower of similar standing is able to borrow Hong Kong dollars in an amount equal to the relevant advance from a bank or a financial institution for the relevant period and (ii) the deposit rate which the lender could have obtained from a bank or a financial institution for such relevant amount and period; less
 - (b) HIBOR for a period equal to or similar to the relevant period and which is the most recently quoted HIBOR as at the time the drawdown undertaking is signed by the relevant lender.
- Interest rate in respect of USD advances : The rate per annum as determined by the relevant lender and the borrower as being the aggregate of (i) the relevant SOFR for such a USD advance; and (ii) a margin (which must not be a negative number) and shall not be less than:
- (a) the higher of (i) the rate at which CRH or a corporate borrower of similar standing is able to borrow in USD in an amount equal to the relevant advance from a bank or a financial institution for the relevant period and (ii) the deposit rate which the lender could have obtained from a bank or a financial institution for such relevant amount in USD and period; less
 - (b) SOFR for a period equal to or similar to the relevant period and which is the most recently quoted SOFR as at the time the drawdown undertaking is signed by the relevant lender.
- Interest rate in respect of RMB advances : The rate per annum as determined by the relevant lender and the borrower with respect to an advance (which must not be a negative number). The interest rate shall not be less than the higher of (i) the rate at which CRH or a corporate borrower of similar standing is able to borrow in RMB in Hong Kong in an amount equal to the relevant advance from a bank or a financial institution for the relevant period and (ii) the deposit rate in Hong Kong which the lender could have obtained from a bank or a financial institution for such relevant amount in RMB and period.

Guarantee : The guarantors will unconditionally and irrevocably guarantee to the relevant lender the due and punctual performance by the borrower (when the guarantor is CRH) or by the borrower which is the guarantor's subsidiary (when the guarantor is a China Resources Group listed company) of the borrower's obligations to that lender in connection with that lender's advance(s) to the borrower made under the Offshore Framework Loan Agreement 2023. For this purpose, each guarantor which is a China Resources Group listed company will enter into a deed of guarantee before its subsidiary is permitted to obtain an advance under the Offshore Framework Loan Agreement 2023.

Early repayment : Both a lender and a borrower may by giving ten business days' written notice require the repayment or prepayment of the advance, as the case may be, together with accrued interest.

Where the borrower of the relevant advance is not wholly owned by CRH, the borrower shall pay to CRH the guarantee fee charged at a rate of 0.05% per annum for the relevant period (from the date for the advance to the date of prepayment) on the actual amount of advance prepaid by the borrower on the date of prepayment.

Basis of lending : All advances will be made at the sole discretion of the lender. No security over the assets of the borrower will be provided. All advances will become immediately repayable on demand upon the occurrence of an acceleration event which includes non-payment by the borrower; breaches of the agreement by the borrower which have not been rectified in the specified period; cross-default in a material amount; the enforcement of security; insolvency; dissolution; repudiation; CRH ceasing directly or indirectly to be the single largest shareholder of the relevant borrower; or on the occurrence of a material adverse change as stated in the Offshore Framework Loan Agreement 2023 in respect of the relevant borrower.

Onshore Framework Loan Agreement 2023

Parties : CRI and the Company

Date of agreement : 22 February 2023

Date of commencement
of agreement : 22 February 2023

Term of the agreement : From 22 February 2023 to 31 December 2025. Subject to compliance with the Listing Rules and other applicable laws and regulations, the parties may renew the term of the Onshore Framework Loan Agreement 2023 upon expiry.

Lenders	:	Any PRC established subsidiary of the Company, which has become a party to the Onshore Framework Loan Agreement 2023 by acceding to its terms.
Borrowers	:	CRI, and any PRC established subsidiary of CRI or a China Resources Group listed company, which has become a party to the Onshore Framework Loan Agreement 2023 by acceding to its terms, but excluding China Resources Bank of Zhuhai Co., Ltd (珠海華潤銀行股份有限公司), China Resources SZITIC Trust Co., Ltd (華潤深國投信託有限公司), and any subsidiary of the Company. Each borrower may borrow in RMB.
Guarantor	:	CRI (except where the borrower is CRI).
Aggregate amounts to be advanced	:	The maximum aggregate amount outstanding lent by the Group under both of the Framework Loan Agreements 2023 is not permitted to exceed the amounts set out under the section below headed “Annual lending caps under the Framework Loan Agreements 2023”.
Repayment date	:	The repayment date for an advance made under the Onshore Framework Loan Agreement 2023 shall be no later than six months after the date of advance.
Interest rate	:	The interest rate will be a rate per annum as determined by the relevant lender and the borrower, which shall be the higher of (i) the rate at which CRI or a corporate borrower of similar standing is able to borrow in RMB in an amount equal to the relevant advance from a bank or a financial institution for the relevant period and (ii) the deposit rate which the lender could have obtained from a bank or a financial institution for such relevant amount and period.
Guarantee	:	CRI irrevocably guarantees to the relevant lenders the due and punctual performance of all borrowers’ obligations under the Onshore Framework Loan Agreement 2023. On the repayment date (or if applicable, the early repayment date), the borrowers which are not wholly owned by CRI shall pay to CRI the guarantee fee at a rate of 0.05% per annum on the amount of the advance(s) granted by the Group to the relevant borrower in relation to the guarantees granted by CRI for the relevant period. The rate of the guarantee fee is determined with reference to the prevailing rate of guarantee fee charged by third party financial institutions.

- Best endeavours : If an advance is to be made pursuant to the Onshore Framework Loan Agreement 2023 to a borrower which is a subsidiary of a China Resources Group listed company, prior to making that advance, such China Resources Group listed company shall sign a deed of undertaking and undertake that if CRI makes a payment to a lender in connection with the Onshore Framework Loan Agreement 2023 due to a breach by the China Resources Group listed company's subsidiary borrower, then the China Resources Group listed company will use its best endeavours to procure that borrower shall have sufficient funds to, and does, promptly reimburse CRI. This may include such China Resources Group listed company making payments by way of gift or capital contribution or shareholder loan to the borrower (to the extent permitted by PRC law).
- Early repayment : Both a lender and a borrower may by giving ten business days' written notice require the repayment or prepayment of the advance, as the case may be, together with accrued interest.
- Where the borrower of the relevant advance is not wholly owned by CRI, the borrower shall pay to CRI the guarantee fee charged at a rate of 0.05% per annum for the relevant period (from the date for the advance to the date of prepayment) on the actual amount of advance prepaid by the borrower on the date of prepayment.
- Basis of lending : All advances will be made at the sole discretion of the lender. No security over the assets of the borrower will be provided. All advances will become immediately repayable on demand upon the occurrence of an acceleration event which includes non-payment by the borrower; breaches of the agreement by the borrower which have not been rectified in the specified period; cross-default in a material amount; the enforcement of security; insolvency; dissolution; repudiation; CRI ceasing directly or indirectly to be the single largest shareholder of the relevant borrower; or on the occurrence of a material adverse change as stated in the Onshore Framework Loan Agreement 2023 in respect of the relevant borrower.

Annual lending caps under the Framework Loan Agreements 2023

The annual lending caps for the maximum aggregate amount which can be lent by the Group on any single day (inclusive of interest received and anticipated to be received rounded to the nearest million) under both of the Framework Loan Agreements 2023 have been determined after assessing the maximum amount of exposure at any time which the Group is prepared to assume under the Framework Loan Agreements 2023 in the context of its estimated temporarily surplus cash resources and the historical amount lent by the Group as set out below.

Set out below are the maximum aggregate amount of advances outstanding on any single day lent by the Group under the Framework Loan Agreements 2019 (inclusive of interest received and receivable) during each of the years ended 31 December 2020, 2021 and 2022.

	For the year ended		
	31 December		
	2020	2021	2022
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Maximum daily aggregate amount outstanding during the year	1,850	1,650	1,800

There was no drawdown of loan from 1 January 2023 to the date of this announcement.

The proposed annual lending caps for the Group on any single day for the term of the Framework Loan Agreements 2023 and a comparison of these caps with the Group's other deposits, cash and bank balances and with the size of the Group using the highest of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules are as follows:

Annual lending cap on any single day for the year ending 31 December			Unaudited consolidated other deposits, cash and bank balances as at 30 June 2022	Highest applicable percentage ratio
2023	2024	2025	2022	
<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>HK\$ million</i>	<i>%</i>
2,000	2,000	2,000	9,521	2.92

Such maximum daily amount is applicable for each day during the relevant year, and such maximum daily amount is calculated on an individual basis as outstanding at the end of each day during the relevant year without aggregating with the daily amount incurred on the days before.

The aforementioned proposed annual lending caps are determined based on arm's length negotiations between the Company, CRH and CRI, having considered, among others, the following factors and assumptions: (i) the Company's current operational scale and cash levels; (ii) the historical transaction amounts under the Framework Loan Agreements 2019 as references; and (iii) the expected cashflow generated from operations of the Group in the next few years.

Financial condition of the guarantors

All advances to any member of the China Resources Group will be guaranteed by (i) CRI; (ii) CRH; or (iii) CRH and a China Resources Group listed company, depending on the relevant Framework Loan Agreements 2023 and the identity of the borrower. Both CRI and CRH are regarded as borrowers of undoubted standing in their own markets. CRI is a bond issuer in the PRC and its principal long term credit rating is AAA according to an independent rating agency, China Lianhe Credit Rating Co., Ltd. The summary of the consolidated financial positions of CRI and CRH are as follows:

	CRH		CRI	
	2021 Audited HK\$ billion	2020 Audited HK\$ billion	2021 Audited RMB billion	2020 Audited RMB billion
Total assets	2,240	1,974	2,060	1,830
Cash and bank balances	218	189	202	181
Equity attributable to the shareholders of the company	453	395	337	308
Profit attributable to the shareholders of the company	41	34	30	31
Cash flow from operation	59	93	53	92

LISTING RULES IMPLICATIONS

By virtue of CRI being the controlling shareholder of CRH, which in turn holds a controlling interest in the Company, CRI and CRH are connected persons to the Company as defined under the Listing Rules.

As one or more applicable size test percentage ratios in respect of each of the annual lending caps for the transactions contemplated under the Framework Loan Agreements 2023 exceed 0.1% but are less than 5%, the transactions contemplated thereunder are only subject to the reporting, announcement and annual review requirements but are exempted from the Independent Shareholders' approval requirement of the Listing Rules.

None of the Directors considered to have material interest in the transactions under the Framework Loan Agreements 2023 and none of them abstained from voting on the relevant board resolutions approving the Framework Loan Agreements 2023 and the transactions contemplated thereunder.

REASONS FOR AND BENEFITS OF THE FRAMEWORK LOAN AGREEMENTS 2023

The Framework Loan Agreements 2023 provide the Company with greater flexibility in the management of its surplus cash resources by enabling it to lend a portion of its surplus cash resources and those of its subsidiaries to other China Resources Group companies, including CRI and CRH. The annual lending caps for the maximum aggregate amount which can be lent by the Group on any single day have been determined after assessing the maximum amount of exposure at any time which the Group is prepared to assume under the Framework Loan Agreements 2023 in the context of its estimated temporary surplus cash resources as well as the historical amount lent by the Group as set out on page 7 of this announcement.

The Directors (including independent non-executive Directors of the Company) consider the Framework Loan Agreements 2023 were negotiated on an arm's length basis, 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 THE PARTIES

CRI

CRI, a borrower and guarantor under the Onshore Framework Loan Agreement 2023, is the intermediate holding company of CRH and is ultimately owned by CRC.

CRH

CRH, a borrower and guarantor under the Offshore Framework Loan Agreement 2023, is a company incorporated in Hong Kong with limited liability and is principally engaged in five key sectors of businesses, namely, consumer products, healthcare, urban construction and operation, energy services and technology and finance. It is ultimately owned by CRC.

CRC

CRC is a company established in the PRC with limited liability and is a state-owned enterprise under the supervision of SASAC. It is the holding company of CRH, and is a conglomerate which holds a variety of businesses in the PRC and Hong Kong including but not limited to consumer products, integrated energy, urban construction and operation, healthcare, industrial finance, technology and emerging sectors.

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. The Company is ultimately controlled by CRC.

The total assets, other deposit, cash and bank balance and turnover of the Group for each of the years ended 31 December 2020 and 2021 and the six months ended 30 June 2022 are as illustrated in the table below:

	As at 30 June 2022 Unaudited HK\$ billion	As at 31 December 2021 Audited HK\$ billion	As at 31 December 2020 Restated HK\$ billion
Total assets	110.5	106.1	93.9
Other deposit, cash and bank balance	9.5	10.1	13.4
Turnover for the year/period	48.1	78.2	55.9

DEFINITIONS

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

“China Resources Group”	CRI, CRH and their respective subsidiaries
“China Resources Group listed company (or companies)”	any company (or companies) in the China Resources Group, which is (or are) listed on the Main Board of the Stock Exchange as at the date of this announcement, other than the Company
“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
“continuing connected transactions”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“CRC”	China Resources Company Limited* (中國華潤有限公司), a company established in the PRC with limited liability and a state-owned enterprise under the supervision of SASAC, is the ultimate holding company of the Company
“CRH”	China Resources (Holdings) Company Limited (華潤(集團)有限公司), 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

“CRI”	China Resources Inc. (華潤股份有限公司), 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
“Director(s)”	the director(s) of the Company
“Framework Loan Agreements 2019”	the Offshore Framework Loan Agreement 2019 and the Onshore Framework Loan Agreement 2019
“Framework Loan Agreements 2023”	the Offshore Framework Loan Agreement 2023 and the Onshore Framework Loan Agreement 2023
“Group”	the Company and its subsidiaries and jointly controlled entities
“HIBOR”	the Hong Kong Inter-Bank Offered Rate
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“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
“Offshore Framework Loan Agreement 2019”	the Framework Loan Agreement and Guarantee for advances in Hong Kong Dollar, Renminbi and United States Dollar entered into by CRH and the Company on 18 December 2019
“Offshore Framework Loan Agreement 2023”	the Framework Loan Agreement and Guarantee for advances in Hong Kong Dollar, Renminbi and United States Dollar entered into by CRH and the Company on 22 February 2023
“Onshore Framework Loan Agreement 2019”	the Framework Loan Agreement and Guarantee for advances in RMB entered into by CRI and the Company on 18 December 2019
“Onshore Framework Loan Agreement 2023”	the Framework Loan Agreement and Guarantee for advances in RMB entered into by CRI and the Company on 22 February 2023
“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

“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“SOFR”	the secured overnight financing rate administered and published by the Federal Reserve Bank of New York, the United States, or any other person which takes over the administration of that rate
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	US Dollar, the lawful currency of the United States of America
“%”	per cent.

For illustrative purpose of this announcement only, unless otherwise stated herein, conversion of HK\$ into RMB is made at the rate of RMB1.00 = HK\$1.14064.

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

Hong Kong, 22 February 2023

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

* *For identification purposes only*