



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

CR GAS ACQUIRES 100% EQUITY INTERESTS IN AEI CHINA GAS TO FURTHER EXTEND ITS PRC COVERAGE AND REVENUE BASE

China Resources Gas Group Limited CR Gas Company together with its subsidiaries, the Group entered into a share purchase agreement with AEI Asia Ltd. on 15 May 2012 to acquire 100 per cent equity interests in AEI China Gas Ltd. for a consideration of approximately US\$238 million. The acquisition will enable the Group to further broaden its revenue base and expand market coverage in the People's Republic of China (PRC).

Pursuant to the Agreement, the acquisition is subject to fulfilment of certain condition precedents. The consideration of the acquisition will be adjusted according to certain terms of the Agreement, including among other things the actual consolidated net profit after tax of AEI China Gas and its subsidiaries (AEI China Gas Group) for the year ended 31 December 2011, which is targeted to achieve at least RMB105.5 million. The Group will finance the payment using the proceeds from the recent issuance of senior notes by the Company.

AEI China Gas Group is principally engaged in the operation of city gas pipelines, gas selling and distribution and operation of compressed natural gas, liquefied natural gas and liquefied petroleum gas stations in the PRC. AEI China Gas Group operates 28 city gas projects and 8 gas stations in 11 provinces in the PRC. Its annualised gross gas sales volume is approximately 350 million cubic meters.

As at 31 December 2011, the unaudited combined net asset value of AEI China Gas Group stood at RMB1,659 million. The unaudited net profits after tax and extraordinary items of AEI China Gas Group for the each of the two years ended 31 December 2010 and 31 December 2011 amounted to RMB38 million and RMB83 million respectively.

The Group has been active in seeking business opportunities to expand its core business of downstream city gas operation in the PRC. The acquisition is part of the on-going expansion strategy of the Group with the aim of becoming the market leader in the downstream city gas industry in the foreseeable future. With AEI China Gas Group's extensive city gas distribution network, the Group can broaden its coverage and footprint in the PRC. On the other hand, CR Gas can leverage the Group's strategically located regional offices to ensure smooth integration and subsequent efficient management. As such, the acquisition creates synergy value with the and enhance and sustain its earning capabilities, said Mr Wang Chuandong, Managing Director of CR Gas.

The purchase consideration is at a significantly lower price to earnings ratio than that of CR Gas, and is thus value accretive to all existing shareholders of the Company, added Mr Wang.

AEI Asia Ltd. is advised by Morgan Stanley in this transaction.

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.

As at 31 December 2011, the Group operated 73 city gas projects in 16 provinces including six provincial capitals and one direct administrative municipality with annual gross gas sale volume of some 7.2 billion m³ and 10.5 million residential customers.

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