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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)**

## **DISCLOSEABLE TRANSACTION PROPOSED ACQUISITION OF AEI CHINA GAS LTD.**

The Board is pleased to announce that on 15 May 2012, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Share Purchase Agreement with the Seller pursuant to which the Purchaser has conditionally agreed to acquire and the Seller has conditionally agreed to sell the Sale Shares representing the entire issued share capital of the Target Company for the consideration of the Purchase Price with a Base Purchase Price of US\$237,717,531, subject to the terms and conditions set out in the Share Purchase Agreement (including the Purchase Price Adjustments).

The Target Group is principally engaged in, among other things, 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.

As certain of the applicable percentage ratios in respect of the Acquisition and the entering into of the Share Purchase Agreement under Rule 14.07 of the Listing Rules exceed 5% and are less than 25%, the Acquisition and the entering into of the Share Purchase Agreement constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

### **(A) BACKGROUND**

On 15 May 2012, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Share Purchase Agreement with the Seller pursuant to which the Purchaser has conditionally agreed to acquire and the Seller has conditionally agreed to sell the Sale Shares representing the entire issued and outstanding share capital of the Target Company for the consideration of the Purchase Price with a Base Purchase Price of US\$237,717,531, subject to the terms and conditions set out in the Share Purchase Agreement (including the Purchase Price Adjustments).

The Target Group is principally engaged in, among other things, 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.

As certain of the applicable percentage ratios in respect of the Acquisition and the entering into of the Share Purchase Agreement under Rule 14.07 of the Listing Rules exceed 5% and are less than 25%, the Acquisition and the entering into of the Share Purchase Agreement constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

## **(B) THE SHARE PURCHASE AGREEMENT**

### **Date**

15 May 2012

### **Parties**

- (1) Seller: AEI Asia Ltd.
- (2) Purchaser: Thousand Victory Investments Limited, a wholly-owned subsidiary of the Company
- (3) Seller Guarantor: AEI, being the ultimate and sole shareholder of AEI Asia Ltd.
- (4) The Company

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of AEI Asia Ltd. and AEI and their respective ultimate beneficial owners are Independent Third Parties.

### **Sale Shares**

Subject to the terms and conditions of the Share Purchase Agreement, the Seller shall sell, assign, convey, transfer and deliver to the Purchaser, free and clear of all liens and together with all rights attaching to the Sale Shares at the Closing, including the right to receive all dividends, distributions and any return of capital declared, paid or made by the Target Company from the date of the Share Purchase Agreement up to (and on) the Closing Date, and the Purchaser will purchase and acquire from the Seller, the Sale Shares.

Upon Closing, the Company will own 100% equity interests in the Target Company through the Purchaser. The financial results of the Target Group will be consolidated into the Group's accounts.

### **Deed of Tax Indemnity**

The Seller will enter into the Deed of Tax Indemnity in favour of the Purchaser. Subject to certain provisions as stated in the Deed of Tax Indemnity, the Seller undertakes to the Purchaser to indemnify and keep indemnified the Purchaser from and against any tax, penalty, late payment charge or fines (not subject to administrative appeal) under Circular No. 698 actually paid by the Purchaser or any Group Company to tax authorities in the PRC in respect of the Seller's sale of the Sale Shares and any and all losses incurred by the Purchaser or any of the Target Group Companies due to the failure of the Seller to perform its filing or tax payment obligation (if any) under Circular No. 698.

## **Seller Guarantor Guarantee**

In consideration of the Purchaser agreeing to purchase the Sale Shares, the Seller Guarantor executed the Share Purchase Agreement, pursuant to which the Seller Guarantor unconditionally and irrevocably and subject to limitations set out in the Share Purchase Agreement, guarantees as a primary obligation to the Purchaser to perform on demand any obligation or undertaking of the Seller under the Share Purchase Agreement and the Transaction Documents required to be performed by the Seller including any obligation to pay on demand any amount that the Seller is liable to pay under the Share Purchase Agreement or any Transaction Documents.

## **Company Guarantee**

In consideration of the Seller agreeing to sell the Sale Shares, the Company executed the Share Purchase Agreement, pursuant to which the Company unconditionally and irrevocably and subject to limitations set out in the Share Purchase Agreement, guarantees as a primary obligation to the Seller to perform on demand any obligation or undertaking of the Purchaser under the Share Purchase Agreement and the Transaction Documents required to be performed by the Purchaser up to and including at the Closing including any obligation to pay on demand any amount that the Purchaser is liable to pay under the Share Purchase Agreement or any Transaction Documents.

## **Purchase Price**

According to the Share Purchase Agreement, the Purchase Price payable by the Purchaser to the Seller for the purchase of the Sale Shares under the Share Purchase Agreement is calculated based on the following:

Purchase Price = Base Purchase Price + Additional Capital (if any) + Base Purchase Price Upward Adjustment Amount (if any) – Base Purchase Price Downward Adjustment Amount (if any) – Second Base Purchase Price Downward Adjustment Amount (if any) – Third Base Purchase Price Downward Adjustment Amount (if any) + Net-off Payment (if a positive number) (if any) – Net-off Payment (if a negative number, it shall be expressed as a positive number here) (if any) – Excess Severance Amounts (if any)

The Purchase Price shall be paid by the Purchaser at the Closing in the following manner:

- (a) the First Installment shall be paid by wire transfer of immediately available funds in U.S. Dollars to a bank account in the name of the Seller and in Hong Kong designated in writing by the Seller (such designation to be made at least 2 Business Days prior to Closing Date) subject to certain deductions pursuant to the Share Purchase Agreement; and
- (b) the Second Installment shall be paid by wire transfer of immediately available funds in U.S. Dollars to the Escrow Account. The Escrow Account will be opened, managed and operated by the Escrow Agent (to be appointed by the Seller and the Purchaser). The Parties agree that money in the Escrow Account shall only be used in accordance with the provisions set out in the Share Purchase Agreement and in the Escrow Agreement.

If the Net Adjustment Amount is a positive number, such amount shall be paid by the Purchaser (i) within 5 Business Days from the issuance of the Net Profit Adjustment Report or (ii) on the Closing Date, whichever is later, by wire transfer of immediately available funds in U.S. Dollars to the bank account designated in writing by the Seller (such designation to be made within 1 Business Day of the issuance of the Net Profit Adjustment Report) subject to certain deductions pursuant to the Share Purchase Agreement.

The Purchase Price will be funded by the net proceeds from the recent issuance of Notes by the Company.

**Base Purchase Price and Adjustments**

The Base Purchase Price will be adjusted in accordance with the terms of the Share Purchase Agreement, among others, in the following manner:

- (a) If, with the Purchaser’s prior written consent, the Seller provides any funding in cash to any Target Group Company by way of capital injection from the date of the Share Purchase Agreement to the Closing Date, there shall be added to the Base Purchase Price an amount equal to the Additional Capital.
- (b) If the 2011 Actual Operational Net Profit:

- (i) is less than the 2011 Target Net Profit:
  - (A) there shall be deducted from the Base Purchase Price an amount (the “**Base Purchase Price Downward Adjustment Amount**”) equal to (aa) the Base Purchase Price minus (bb) the 2011 Actual Operational Net Profit divided by the 2011 Target Net Profit multiplied by the Base Purchase Price, i.e.,

$$\begin{array}{l} \text{Base Purchase} \\ \text{Price Downward} \\ \text{Adjustment} \\ \text{Amount} \end{array} = \frac{\text{Base Purchase Price}}{\text{Price}} \times \left[ 1 - \frac{\text{2011 Actual Operational Net Profit}}{\text{2011 Target Net Profit}} \right];$$

- (B) and the 2011 Actual Net Profit is less than the 2011 Actual Operational Net Profit, there shall be deducted from the Base Purchase Price an amount (the “**Second Base Purchase Price Downward Adjustment Amount**”) equal to (aa) the 2011 Actual Operational Net Profit minus (bb) the 2011 Actual Net Profit (on a dollar-for-dollar basis), i.e.,

$$\begin{array}{l} \text{Second Base Purchase} \\ \text{Price Downward} \\ \text{Adjustment Amount} \end{array} = \text{2011 Actual Operational Net Profit} - \text{2011 Actual Net Profit};$$

(ii) is greater than the 2011 Target Net Profit:

- (A) there shall be added to the Base Purchase Price an amount (the “**Base Purchase Price Upward Adjustment Amount**”) equal to (aa) the 2011 Actual Operational Net Profit minus (bb) the 2011 Target Net Profit (on a dollar-for-dollar basis), i.e.,

$$\begin{array}{l} \text{Base Purchase Price} \\ \text{Upward Adjustment} \\ \text{Amount} \end{array} = \begin{array}{l} \text{2011 Actual Operational} \\ \text{Net Profit} \end{array} - \text{2011 Target Net Profit};$$

- (B) and the 2011 Actual Net Profit is less than the 2011 Target Net Profit, there shall be deducted from the Base Purchase Price an amount (the “**Third Base Purchase Price Downward Adjustment Amount**”) equal to (aa) the 2011 Target Net Profit minus (bb) the 2011 Actual Net Profit (on a dollar-for-dollar basis), i.e.,

$$\begin{array}{l} \text{Third Base Purchase} \\ \text{Price Downward} \\ \text{Adjustment Amount} \end{array} = \text{2011 Target Net Profit} - \text{2011 Actual Net Profit}.$$

- (c) In addition, there shall be added to the Base Purchase Price an amount equal to the Net-off Payment (if such amount is a positive number). If the Net-off Payment is a negative number, the Base Purchase Price shall be reduced accordingly on a dollar-for-dollar basis.

### Conditions Precedent

The respective obligations of each Party to effect the Closing shall be subject to the satisfaction or waiver (to the extent permissible under applicable law) at or prior to the Closing of certain Conditions Precedent including but without limitation:

- (i) no Restraints shall be in effect enjoining, restraining, preventing or prohibiting consummation of the transactions contemplated under the Share Purchase Agreement or making the consummation of the transactions contemplated under the Share Purchase Agreement illegal;
- (ii) the Seller shall have obtained a written acknowledgement of receipt of the filings with the competent tax authorities in the PRC in respect of the sale of the Sale Shares pursuant to Circular No. 698 and the Seller shall have delivered to the Purchaser a copy of such acknowledgement;
- (iii) the Seller and the Seller Guarantor shall have executed and delivered the Deed of Tax Indemnity to the Purchaser;
- (iv) there shall have been no material adverse effect since the execution of the Share Purchase Agreement;

- (v) no governmental authority or person, company or entity claiming to be the legal and/or beneficial owner of the Sale Shares or equity interest in any Target Group Company has commenced any legal proceedings accepted by a court or arbitration authority of competent jurisdiction or (in respect of a governmental authority) issued any order claiming ownership of the Sale Shares or any equity interest in any Target Group Company where such claim or order would reasonably be expected to cause a material adverse effect (subject to exceptions under the Share Purchase Agreement);
- (vi) the representations and warranties set out in the Share Purchase Agreement remaining true and accurate as of the date of the Share Purchase Agreement and at and as of the Closing Date (subject to exceptions under the Share Purchase Agreement);
- (vii) each of the Seller and the Purchaser shall have performed in all material respects all obligations required to be performed by them under the Share Purchase Agreement at or prior to the Closing (subject to exceptions under the Share Purchase Agreement); and
- (viii) the calculation of the Net-off Payment, including supporting documentation, shall have been provided to the Purchaser.

Each of the Seller and the Purchaser shall use reasonable efforts to procure the satisfaction of the Conditions Precedent which they are responsible (unless otherwise waived by the Purchaser or the Seller (as the case may be)) as soon as reasonably practicable and in any event by the Walk-Away Date, failing which the Purchaser or the Seller (as the case may be) shall be entitled to terminate the Share Purchase Agreement and abandon the transactions contemplated thereunder at any time prior to Closing.

### **Closing**

Closing will take place on the sixth Business Day following the satisfaction or waiver of all the Conditions Precedent in accordance with the Share Purchase Agreement or such other date as the Seller and the Purchaser may agree in writing.

### **Termination of the Share Purchase Agreement**

The Share Purchase Agreement may be terminated and the transactions contemplated thereunder abandoned at any time prior to the Closing:

- (a) by the mutual written consent of the Seller and the Purchaser;
- (b) by written notice to the other Parties by the Seller or the Purchaser if (i) the Conditions Precedent have not been satisfied or waived on or before the Walk-Away Date, provided however that the right to terminate the Share Purchase Agreement shall not be available to a Party if the failure of the Closing Date to occur on or before the Walk-Away Date was due to the failure of such Party to perform any of its obligations under the Share Purchase Agreement; or (ii) if any Restraint in effect enjoining, restraining, preventing or prohibiting consummation of the transactions contemplated under the Share Purchase Agreement or making the consummation of the transactions contemplated under the Share Purchase Agreement illegal and shall have become final and non-appealable; or

- (c) by written notice to the other Party by the Seller or the Purchaser if the other Party does not comply fully with its Closing obligations on the expected closing date under the Share Purchase Agreement.

Thereupon, the Share Purchase Agreement shall forthwith become null and void (subject to certain provisions which shall survive pursuant to the Share Purchase Agreement) and all rights and obligations of the Parties will cease immediately upon termination except that termination will not affect the then accrued rights and obligations of the Parties (including the right to damages for breach, if any, giving rise to the termination and any other pre-termination breach by any of the Parties).

#### **(C) INFORMATION ON THE TARGET GROUP AND THE SELLER**

The Target Company is an exempted company organised under the laws of the Cayman Islands in 2007 and has a total issued and paid up capital of US\$1,000 as at the date of the Share Purchase Agreement which is wholly owned by the Seller.

The Target Group is principally engaged in, among other things, 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.

The Seller is the wholly-owned subsidiary of the Seller Guarantor, which is principally engaged in, among other things, owning and operating interests in multiple power generation assets as well as natural gas transportation and distribution businesses in emerging markets.

#### **(D) FINANCIAL INFORMATION ON THE TARGET GROUP**

Set out below are certain unaudited financial information of the Target Group for each of the last two financial years:

	For the year ended 31 December 2010 <i>RMB (million)</i>	<b>For the year ended 31 December 2011 <i>RMB (million)</i></b>
Net profits before tax and extraordinary items	84	<b>141</b>
Net profits after tax and extraordinary items	38	<b>83</b>

As at 31 December 2011, the unaudited net asset value of the Target Group is RMB1,659 million.

The unaudited financial information are based on the management accounts of the Target Group which adopted certain accounting policies not consistent with those adopted by the Company. Had accounting policies of the Company been applied, the net profits both before and after tax and extraordinary items would have been significantly higher for the above two financial years.

Upon completion of the Acquisition, the Target Company and its subsidiaries will become indirect subsidiaries of the Company and their results will be consolidated into the Group's financial results.



**(E) BASIS OF DETERMINATION OF THE PURCHASE PRICE**

The Purchase Price was determined after arm's length negotiations between the Parties on normal commercial terms with reference to (i) the 2010 and 2011 Management Accounts, (ii) the due diligence review of the Target Group and (iii) the future prospects and potential for earning growth of the Target Group.

**(F) REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group has been active in seeking business opportunities to expand its core business of downstream city gas operation in the PRC. Its existing 73 city gas projects are strategically located in 16 provinces 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.

The Target Group operates 28 city gas projects, 8 gas stations and 4 midstream gas transmission pipelines projects in 11 provinces in the PRC. Accordingly, the Directors consider the Acquisition will enable the Group to further extend its coverage and footprint in the PRC. The Group has existing city gas operations in most of these provinces and has 10 regional offices set up in various strategic locations in the PRC. The projects of the Target Group will be efficiently integrated and managed by the relevant regional office depending on their geographical locations. As such, the Directors consider that the Acquisition creates synergy value with the Group's existing gas operation, thereby will broaden the Group's revenue base as well as enhance and sustain its earning capabilities.

The Directors (including the independent non-executive Directors) are of the view that the Acquisition and the terms of the Share Purchase Agreement, including the Purchase Price, are based on normal commercial terms which are fair and reasonable, negotiated on an arm's length basis between the Parties, in the interests of the Company and the shareholders of the Company as a whole.

**(G) LISTING RULES IMPLICATIONS**

As certain of the applicable percentage ratios in respect of the Acquisition and the entering into of the Share Purchase Agreement under Rule 14.07 of the Listing Rules exceed 5% and are less than 25%, the Acquisition and the entering into of the Share Purchase Agreement constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

**(H) GENERAL**

The Company is a limited liability company incorporated in Bermuda and its shares have been listed on the Stock Exchange since 7 November 1994. The Group is principally engaged in downstream city gas distribution in the PRC. Its current operations cover 16 provinces and 73 cities including provincial capitals and major cities such as Zhengzhou, Chengdu, Nanjing, Wuhan, Kunming, Jinan, Chongqing, Wuxi, Suzhou, Xiamen, etc.

The Purchaser is a limited liability company incorporated in the BVI and is principally engaged in investment holding. As at the date of this announcement, the Purchaser is a wholly-owned subsidiary of the Company.



## (I) DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context requires otherwise.

“2011 Actual Net Profit”	the actual consolidated net profit for the Target Group for the twelve-month period starting from 1 January 2011 and ending 31 December 2011 (which shall be calculated after the deduction of tax), expressed in RMB and as set out in the Net Profit Adjustment Report (which will be based on the actual consolidated net profit for the Target Group (for the same period and calculated after the deduction of tax) set out in the 2011 Audited Accounts and adjusted in accordance with the provisions of the Share Purchase Agreement);
“2011 Actual Operational Net Profit”	the actual consolidated net profit for the Target Group for the twelve-month period starting from 1 January 2011 and ending 31 December 2011 (which shall be calculated without taking account of any and all extraordinary and non-recurring item(s) and after the deduction of tax), expressed in RMB and as set out in the Net Profit Adjustment Report (which will be based on the actual consolidated net profit of the Target Group (for the same period and which shall be calculated without taking account of any and all extraordinary and non-recurring item(s) and after the deduction of tax) set out in the 2011 Audited Accounts and adjusted in accordance with the provisions of the Share Purchase Agreement);
“2011 Audited Accounts”	the Target Company’s audited consolidated balance sheet, income statement and statement of cash flows with all notes as at and for the twelve-month period starting from 1 January 2011 and ending 31 December 2011 prepared in accordance with the Share Purchase Agreement;
“2010 and 2011 Management Accounts”	the unaudited combined accounts of the Target Group comprising balance sheet, income statement and statement of cash flows as at and for the twelve-month period starting from 1 January 2010 and ending 31 December 2010 and 1 January 2011 and ending 31 December 2011 respectively prepared under the PRC GAAP;
“2011 Target Net Profit”	RMB105,500,000;
“Acquisition”	the proposed acquisition of the Sale Shares by the Purchaser pursuant to the Share Purchase Agreement;
“Accounts Payable To Target Group”	the amounts owed by the Seller or any of its affiliates (other than a Target Group Company) to a Target Group Company which remain outstanding at the Closing;

“Accounts Payable To Seller”	the amounts owed by any Target Group Company to the Seller or any of its affiliates (other than a Target Group Company) which remain outstanding at the Closing only in respect of the compensation items set out in the Share Purchase Agreement;
“Additional Capital”	the aggregate (on a dollar-for-dollar basis and subject to a cap of US\$5,000,000) of funding in cash to any Target Group Company by the Seller by way of capital injection from the date of the Share Purchase Agreement to the Closing Date in accordance with the Share Purchase Agreement;
“Base Purchase Price”	the purchase price of US\$237,717,531 payable by the Purchaser for the purchase of the Sale Shares under the Share Purchase Agreement, subject to Purchase Price Adjustments;
“Base Purchase Price Downward Adjustment Amount”	has the meaning set forth in the subsection headed “Base Purchase Price and Adjustments” under the section headed “The Share Purchase Agreement” in this announcement;
“Base Purchase Price Upward Adjustment Amount”	has the meaning set forth in the subsection headed “Base Purchase Price and Adjustments” under the section headed “The Share Purchase Agreement” in this announcement;
“Board”	the board of Directors;
“Business Day”	a day except (i) a Saturday, a Sunday or (ii) any other day on which banks in New York, Hong Kong or Beijing are authorised or required by law to be closed;
“BVI”	British Virgin Islands;
“Circular No. 698”	the Circular of the PRC State Administration of Taxation on Intensifying the Administration of Enterprise Income Tax on Gains from Equity Transfers by Non-Resident Enterprises (Guo Shui Han [2009] No. 698), which was issued on 10 December 2009 with retroactive effect from 1 January 2008;
“Closing”	closing of the purchase and sale of the Sale Shares in accordance with the provisions of the Share Purchase Agreement;
“Closing Date”	the day on which Closing actually occurs in accordance with the terms of the Share Purchase Agreement;
“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;

“Conditions Precedent”	the conditions precedent to Closing stipulated in the Share Purchase Agreement;
“connected persons”	has the meaning ascribed to it under the Listing Rules;
“Deed of Tax Indemnity”	the deed of tax indemnity to be entered into among the Seller, the Seller Guarantor, the Purchaser and the Company at the Closing;
“Directors”	the directors of the Company;
“Escrow Account”	the interest bearing account maintained by the Escrow Agent in accordance with the terms of the Escrow Agreement;
“Escrow Agent”	Hong Kong Branch of an international bank, to be appointed by the Seller and the Purchaser;
“Escrow Agreement”	the agreement to be entered into between the Seller, the Purchaser and the Escrow Agent pursuant to the Share Purchase Agreement;
“Excess Severance Amounts”	the amounts which exceed the Severance Cap which will be deducted from the Base Purchase Price in accordance with the calculation of the Purchase Price set out in the subsection headed “Purchase Price” under the section headed “The Share Purchase Agreement” in this announcement;
“First Installment”	70% of the Base Purchase Price plus any Additional Capital plus the Net-off Payment (if such amount is a positive number) or less the Net-off Payment (if such amount is a negative number) less the Excessive Severance Amount;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Parties”	third parties who are independent of the Company and its connected persons;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Net Adjustment Amount”	the amount equal to zero plus the Base Purchase Price Upward Adjustment Amount (if any) minus the Net Downward Adjustment Amount (if any);
“Net Downward Adjustment Amount”	the sum of the Base Purchase Price Downward Adjustment Amount (if any) plus the Second Base Purchase Price Downward Adjustment Amount (if any) plus the Third Base Purchase Price Downward Adjustment Amount (if any);

“Net-off Payment”	an amount equal to the sum of the Accounts Payable To Seller minus the Accounts Payable To Target Group on a dollar-for-dollar basis (and, if such amount is a positive number, it shall be subject to a cap of US\$2,200,000);
“Net Profit Adjustment Report”	a report setting forth the 2011 Actual Net Profit, the 2011 Actual Operational Net Profit and the Net Adjustment Amount calculated in accordance with the Share Purchase Agreement;
“Notes”	the US\$750 million senior notes bearing an interest rate of 4.5% per annum payable semi-annually in arrear due 2022 at an issue price of 97.95% issued by the Company as disclosed in the announcement of the Company dated 10 April 2012;
“Parties”	the Seller, the Seller Guarantor, the Purchaser and the Company, being the parties to the Share Purchase Agreement, and the word “Party” shall be construed accordingly;
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC;
“PRC GAAP”	the Accounting Standards for Enterprises (《企業會計準則》), Accounting Systems for Enterprises (《企業會計制度》) promulgated by the Ministry of Finance of the PRC up until February 2006;
“Purchase Price”	the total purchase price payable by the Purchaser for the purchase of the Sale Shares under the Share Purchase Agreement, the calculation of which is stipulated by the Share Purchase Agreement and is set out in the subsection headed “Purchase Price” under the section headed “The Share Purchase Agreement” in this announcement;
“Purchase Price Adjustments”	the adjustments to the Base Purchase Price stipulated by the Share Purchase Agreement, the particulars of which are set out in the subsection headed “Base Purchase Price and Adjustments” under the section headed “The Share Purchase Agreement” in this announcement;
“Purchaser”	Thousand Victory Investments Limited (千凱投資有限公司), a company incorporated in the BVI with limited liability and a wholly owned subsidiary of the Company;
“Restraint(s)”	certain laws, injunction, judgment or ruling enacted, promulgated, issued, entered, amended or enforced by any governmental authority;

“Second Base Purchase Price Downward Adjustment Amount”	has the meaning set forth in the subsection headed “Base Purchase Price and Adjustments” under the section headed “The Share Purchase Agreement” in this announcement;
“Share Purchase Agreement”	the conditional share purchase agreement dated 15 May 2012 entered into among the Seller, the Seller Guarantor, the Purchaser and the Company in respect of the sale and purchase of the Sale Shares;
“Sale Shares”	1,000 ordinary shares of US\$1.00 each, representing the entire issued and outstanding share capital of the Target Company;
“Second Installment”	30% of the Base Purchase Price;
“Seller”	AEI Asia Ltd., an exempted company organised under the laws of the Cayman Islands;
“Seller Guarantor”	AEI, an exempted company organised under the laws of the Cayman Islands, being the guarantor of certain obligations of the Seller arising out of the Acquisition;
“Severance Cap”	US\$1,386,628, being the agreed cap for the amount of severance payments and the retention payments payable by the Target Group to certain persons pursuant to the Share Purchase Agreement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary”	has the meaning assigned to it by section 2 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), save that any reference therein to a company shall be deemed to include a reference to a body corporate incorporated or established outside Hong Kong or under any other ordinances of the Laws of Hong Kong and to any unincorporated body of persons;
“Target Company”	AEI China Gas Ltd., an exempted company organised under the laws of the Cayman Islands and as at the date of the Share Purchase Agreement, has a total issued capital of US\$1,000 divided into 1,000 ordinary shares of US\$1.00 each, and is wholly owned by the Seller;
“Target Group”	the Target Company and all of its direct and indirect Subsidiaries (and all other companies which the Target Company has a direct or indirect ownership in) listed in the Share Purchase Agreement as the “Group Companies” other than the Target Company, and “Target Group Company” shall mean any of them;

“Third Base Purchase Price Downward Adjustment Amount”	has the meaning set forth in the subsection headed “Base Purchase Price and Adjustments” under the section headed “The Share Purchase Agreement” in this announcement;
“Transaction Documents”	all agreements, certificates, instruments and documents to be executed by any of the Parties in connection with, or contemporaneously with, the Share Purchase Agreement or the transactions contemplated thereunder (including the Deed of Tax Indemnity);
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“RMB”	Renminbi, the lawful currency of the PRC;
“US\$” or “U.S. Dollars”	United States dollar(s), the lawful currency of the United States of America;
“Walk-Away Date”	six months after the date of the Share Purchase Agreement or a later date as mutually agreed by the Parties in writing before the expiration of such six-month period; and
“%”	per cent.

For and on behalf of  
**China Resources Gas Group Limited**  
**Mr. Ong Thiam Kin**  
*Executive Director & Company Secretary*

Hong Kong, 16 May 2012

*As at the date of this announcement, the directors of the Company are Mr. Ma Guoan, Mr. Wang Chuandong and Mr. Ong Thiam Kin, being Executive Directors; Mr. Du Wenmin and Mr. Wei Bin, being Non-executive Directors; and Mr. Wong Tak Shing, Mr. Luk Chi Cheong and Ms. Yu Jian, being Independent Non-executive Directors.*