

Sinopec, ENN Energy Make \$2B Offer for China Gas

the Associated Press

SHANGHAI (AP) — Major refiner China Petroleum & Chemical Corp. and ENN Energy Holdings are offering \$2 billion in cash for gas distributor China Gas Holdings in what appears to be a hostile takeover attempt.

China Petroleum & Chemical Corp., or Sinopec, and ENN are offering HK\$3.50 per share to buy all outstanding shares in China Gas, which supplies piped natural gas and liquefied petroleum gas in 20 provinces in the Chinese mainland and builds and runs natural gas filling stations.

The offer of 15.3 billion Hong Kong dollars (\$2 billion) is a 25 percent premium over China Gas's last closing share price before the offer was made. Sinopec will finance 45 percent and ENN 55 percent of the costs, the companies said.

China Gas said in a notice to the Hong Kong Stock Exchange that it had held no discussions with Sinopec and ENN before the offer was made.

The takeover would be subject to government approvals.

Sinopec and ENN said they planned to further develop the gas distribution network in China in collaboration with China Gas and do not intend to change the "continued employment" of its workers.

The takeover fits Sinopec's long-term strategy of integrating its operations from production to distribution to end users, the refiner said.

ENN Energy provides gas connections, sales of piped gas, construction and operation of vehicle gas refuelling stations, distribution of bottled LNG and sales of gas appliances in China. Joining with China Gas would help ENN streamline and optimize the two suppliers' networks and management and give it access to distribution networks in Inner Mongolia and Shaanxi as a result of the takeover.

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