LIMING HOLDING LIMITED

(Incorporated in Hong Kong with limited liability)

PRE-CONDITIONAL VOLUNTARY PARTIAL CASH OFFER BY CITIGROUP GLOBAL MARKETS ASIA LIMITED ON BEHALF OF LIMING HOLDING LIMITED TO ACQUIRE A MAXIMUM OF 50.5% OF THE ISSUED SHARE CAPITAL OF AAG ENERGY HOLDINGS LIMITED AND TO CANCEL A MAXIMUM OF 50.5% OF ITS OUTSTANDING OPTIONS AND RSUS

ANNOUNCEMENTS RELEASED ON THE SHANGHAI STOCK EXCHANGE

Reference is made to the announcement issued by Liming Holding Limited (the "**Offeror**") regarding the Offers dated 14 May 2018 (the "**Announcement**"). Unless otherwise defined, capitalised terms used in this announcement have the same meanings as defined in the Announcement.

The Offeror is an indirect wholly-owned subsidiary Xinjiang Xintai Natural Gas Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 603393) ("**Xinjiang Xintai**"). In compliance with the relevant rules and regulations of the Shanghai Stock Exchange, Xinjiang Xintai published on 15 May 2018: (i) the valuation analysis carried out by Cinda Securities Co., Ltd. ("**Cinda**"), regarding the material asset acquisition by Xinjiang Xintai (the "**Cinda Analysis**"); and (ii) the material asset acquisition report (as republished with certain revisions on 29 May 2018, the "**Acquisition Report**") which contains certain statements ("**Statements**") made by the directors of Xinjiang Xintai in relation to the Cinda Analysis and by Mr. Ming Zaiyuan, the controlling shareholder of Xinjiang Xintai, and Cinda in relation to the reasons for the Offers.

Translations of the Cinda Analysis and the Statements, as published in Chinese on the website of the Shanghai Stock Exchange (www.sse.com.cn), are attached to this announcement. The Offeror is also discussing with the Executive whether there are any applicable requirements under Rule 11 of the Takeovers Code in relation to the Cinda Analysis.

Shareholders of and potential investors in the Company are advised to refer to the documents published by the Offeror on the website of the Stock Exchange for information about the Offers. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their own professional advisers.

By order of the sole director
LIMING HOLDING LIMITED

Guo Zhihui

Hong Kong, 21 June 2018

As at the date of this announcement, the sole director of the Offeror is Guo Zhihui.

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Group), and confirms, having made all reasonable enquires, that to the best of his knowledge, opinions expressed in this announcement (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

As at the date of this announcement, the board of directors of Xinjiang Xintai Natural Gas Co., Ltd. comprises Mr. Ming Zaiyuan, Mr. Ming Zaifu, Mr. Yin Xianfeng, Mr. Guo Zhihui, Mr. Duan Xianqi, Mr. Zhang Hongxing, Mr. Huang Jian (Independent Director), Mr. Qu Xuezhong (Independent Director) and Ms. Zhang Yinjie (Independent Director).

The directors of Xinjiang Xintai Natural Gas Co., Ltd. jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Group), and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The information relating to the Group in this announcement has been extracted from or based on publicly available information of the Company. The only responsibility accepted by the sole director of the Offeror, and jointly and severally by the directors of Xinjiang Xintai, in respect of such information is for the correctness and fairness of its reproduction or presentation.

Valuation Report

by

Cinda Securities Co., Ltd.

In Respect Of the Material Asset Acquisition Undertaken by

Xinjiang Xintai Natural Gas Co., Ltd.

Valuation Agency

信达证券股份有限公司
CINDA SECURITIES CO., LTD.

May 2018

Declaration

I. As the valuation agent in the partial offer by Xinjiang Xintai Natural Gas Co., Ltd. (hereinafter "**Xinjiang Xintai**", the "**Listed Company**," or the "**Company**") to acquire AAG Energy Holdings Ltd. (hereinafter "**AAG Energy**", the "**Target Company**"), Cinda Securities Co., Ltd. (hereinafter "**Cinda Securities**") has adhered to the principles of independence, objectivity, and fairness in executing valuations and has complied with relevant laws and regulations. Based on the materials we have collected in the course of practice, the content of this Valuation Report is objective.

II. The Valuation Report is issued by Cinda Securities pursuant to the regulations and regulatory documents such as *Measures for the Administration of the Material Asset Restructurings of Listed Companies* and *Standards for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 26 - Material Asset Restructurings of Listed Companies (amended in 2017)*. The views in the Valuation Report do not constitute suggestions, recommendations, or indemnities for any third party.

III. The analysis, judgments, and conclusions in this Valuation Report are limited by the assumptions and restrictive conditions as set out in the Valuation Report. The user should fully consider the assumptions and restrictive conditions in the Valuation Report, as well as their impact on the conclusions.

IV. The Valuation Report does not guarantee the accuracy, integrity, or appropriateness of any public information contained in the Valuation Report.

V. The Valuation Report does not undertake a comprehensive analysis of the business, operations, or financial conditions of the parties to the transaction, and does not provide any opinion regarding the future prospect of the parties to the transaction.

VI. This Valuation Report does not take into consideration the investment objectives, financial conditions, tax conditions, risk preferences, or individual circumstances of any specific investor. Since different investors have different investment goals and portfolios, if specific recommendations are needed regarding their investment portfolios, investors should consult their respective stock brokers, attorneys, accountants, tax consultants, or other professional consultants in a timely manner.

VII. Views in the Valuation Report are only based on the analysis of financial information that has been publicly disclosed, and did not take into account business, legal, tax, regulatory environmental or other factors. The Valuation Report also does not comment on the Target Company's transaction value or stock price after the completion or failure of acquisition, since such factors exceed the scope of investigation and responsibilities of this Valuation Report.

VIII. Currently, there are no comparable companies on the market that are identical to the Target Company in the following aspect: asset scale, scale of land exploitation, block advantages, geological conditions, external transport pipeline network, radiating market, business scale, risk conditions, asset scale, historical performance, and future forecast. Investors should note that comparative analysis with comparable companies can only serve as a schematic analysis of the Target Company's potential value as of March 30, 2018.

IX. Unless otherwise defined in the Valuation Report, the terminology and acronyms have the same meanings as defined by *Xinjiang Xintai Natural Gas Co., Ltd. Report on Material Asset Acquisition*.

Chapter 1 Introduction to Background Circumstances

I. Overview of the Listed Company and the Target Company

Xinjiang Xintai was listed on the Shanghai Stock Exchange in September 2016; the Company's stock ticker symbol is 603393.SH. Xinjiang Xintai is mainly engaged in the transport, distribution, sale, and home installation of natural gas in an urban context. Currently, the Company's operational regions for its urban gas business are all in Xinjiang, including the eight cities (districts or counties) of Midong District of Urumqi, Fukang City, High-Tech Zone, Wujiaqu City, Kuche County, Yanqi County, Bohu County, and Shuoxian County.

AAG Energy was listed on the Hong Kong Stock Exchange in June 2015; its stock ticker symbol is 2686.HK. The main business of AAG Energy is the exploration, development, and production of coalbed methane ("**CBM**") in China. Its wholly-owned subsidiaries Sino-American Energy Inc. and Asian American Gas, Inc., are separately operating two important CBM projects of China under Chinese-foreign cooperation – the Panzhuang and Mabi projects.

Please refer to the *Xinjiang Xintai Natural Gas Co., Ltd. Report on Material Asset Acquisition* related to this transaction for the Listed Company and the transaction target's specific business and financial conditions.

II. Circumstances in this transaction

(1) Overview of this transaction

Through its wholly-owned second-tier subsidiary company, Hong Kong Liming Holding Ltd. (hereinafter "**Hong Kong Liming**"), and after the pre-conditions are met, Xinjiang Xintai proposes to make a voluntary conditional cash partial offer to qualified shareholders of AAG Energy, listed on the Main Board of Stock Exchange of Hong Kong, for the acquisition of no more than 50.5% of issued shares. In addition, a suitable offer will be made pursuant to Article 13.1 of ***The Codes on Takeovers and Mergers in Hong Kong*** to cancel or acquire (if applicable) no more than 50.5% of unexercised options and restricted share units.

According to calculations based on the 3,337,202,448 shares already issued by AAG Energy as of March 30, 2018, in this instance, the offeror intends to acquire no more than 1,685,287,237 shares or 50.5% of issued shares on the final closing of the offer (if stock options are validly exercised between the offer announcement date and final closing date of the offer), whichever is higher. Calculated based on 200,309,495 unexercised stock options and 53,746,929 restricted share units, the offeror plans to cancel or acquire (if applicable) no more than 101,156,295 unexercised stock options and 27,142,200 restricted share units.

(2) Parties to this transaction

The offeror in this acquisition offer is Liming Holding Limited; the potential counterparty in this acquisition offer includes all of the Target Company's qualified shareholders, qualified options holders, and qualified restricted share unit holders.

(3) Transaction price

For this partial offer, the price is HKD 1.75/share (the public announcement of the offer shall take precedence).

III. The background and purpose of this transaction

(1) Background of this transaction

The industry of natural gas is currently in a stage of high-speed development. Since the West-East Gas Pipeline began supplying gas to the mid- and downstream of the Yangtze River in 2004, the natural gas industry in China has experienced ten years of rapid development. The core regions of natural gas demand also gradually shifted development from the earliest inland natural gas production regions of Sichuan, Chongqing, and Shaanxi, to the economically advanced areas of the Beijing-Tianjin-Hebei metropolitan region, the Yangtze River Delta Economic Zone, and Pearl River Delta. Ten years thereafter, benefitting from the support and drive from various factors such as rapid socioeconomic growth, greatly increased supply capabilities, continuously improving storage and transport facilities, and reform in natural gas pricing mechanisms, the Chinese natural gas industry has achieved fast and powerful growth. By 2017, the annual consumption of natural gas in China has grown to 235.2 billion cubic meters from 46.6 billion cubic meters in 2005, with a compound annual growth rate as high as 14.4%.

The proportion of natural gas continues to increase as a source of non-renewable energy. As China diversifies the natural gas supply channels and improves urban gas pipeline infrastructure, and at the same time to satisfy the needs for strict controls over atmospheric pollutant emission and to urgently improve environmental air quality, total Chinese consumption of natural gas is not only rapidly growing in terms of scale, but its weight as total non-renewable energy consumption has also continuously increased, from approximately 2.2% in 2000 to approximately 7.1% in 2017. In the future, the proportion of natural gas in China's non-renewable energy consumption structure will continue to increase. It is expected that by 2020, natural gas will comprise 8%-10% of non-renewable energy consumption.

The target company has high-quality resources. The target company is an international energy company with a leading position in CBM exploration and development in China; it emphasizes the development and value optimization of unconventional natural gas resources to provide clean energy for the Chinese economy. The target company mainly operates in Panzhuang and Mabi regions located in the southwestern Qinshui Basin; its proven reserves of CBM are highest among various basins in China. The Panzhuang Project, with collaboration between the Target Company and China United Coalbed Methane Co., Ltd. (hereinafter "**CUBM**") is the Sino-foreign cooperative project for CBM with the highest degree of commercialization in China. It is also the first CBM project involving Sino-foreign cooperation in China that has entered into comprehensive commercial development and production; its coalbed methane output in 2017 was 572 million cubic meters. The first phase of the Project Outline Development Plan (ODP) for the Mabi Project, under cooperation by the Target Company and China National Petroleum Corporation ("**CNPC**") has received preliminary review and approval from the National Energy Administration in November 2013. Currently, it has passed the final review by CNPC, and will complete filing after its submission to the National Development and Reform Commission ("**NDRC**"). At the beginning of 2017, the State Council announced that the review and approval policy for all CBM ODP reports is changing from approval by NDRC to a filing system. If the detailed rules relating to the filing system can be promulgated in the first half of 2018, then the Mabi Project may begin large-scale commercial development in the second half of 2018, at which time output is expected to increase significantly.

(2) Purpose of this transaction

The transaction seeks to take hold of an opportune moment in the current rapid development of natural gas. The upstream and downstream of the supply chain can be integrated to realize synergy effect through acquisition of the Target Company, in turn releasing production capacity and profits and increasing economic benefits. This not only meets the Company's four-pronged developmental strategy of industrial chain incorporation, high-tech integration, internationalization, and financialization; but also conforms to and satisfies the state's policy requirements for mid-term and long-term development in the CBM industry. After this transaction is completed, Xinjiang Xintai will acquire high quality assets for CBM exploration, development, and operations. At the same time, taking control of the company which is listed abroad to construct an international capital platform, would have profound strategic significance and value for its long-term development. Through this transaction, Xinjiang Xintai can create synergy with the Target Company in terms of business expansion, regional deployment, and industrial chain integration, in order to effectively increase the market influence and brand value of the Listed Company.

IV. Purpose of Valuation Report

This transaction undertaken by the Listed Company is an acquisition offer in an overseas open market, the pricing of which is not based on the asset assessment report and the Valuation Report. The price in this acquisition offer is determined by the Listed Company after comprehensive considerations and evaluation of the Target Company's strategic value, industrial development, asset conditions, profit levels, technical conditions, and synergy effect on the basis of the Target Company's net assets and publicly available market value.

The purpose of this valuation is to analyse the reasonableness and fairness of the price of this transaction from the perspective of an independent valuation agent. The views in the Valuation Report do not constitute suggestions, recommendations, or indemnities for any third party.

V. Benchmark date of valuation

The valuation benchmark date in this Valuation Report is March 30, 2018.

Chapter II Valuation Ideas and Methods

I. Comparison of valuation ideas and methods

From the perspective of the practical operation of M&A transactions, the fairness and reasonableness of transaction prices can generally be analysed through methods such as comparable company method, comparable transaction method, and discounted cash flow method. This Valuation Report does not adopt the discounted cash flow method, which is mainly because this transaction is a tender offer in the open market. Before the completion of the acquisition, it is unable to carry out on-site due diligence on the Target Company due to restrictions imposed by the relevant law and regulations and commercial confidentiality. Therefore, a detailed forecast of future earnings and cash flow cannot be carried out on the Target Company.

The core idea of the comparable company method is to analyse the pricing of the transaction with reference to the relevant indicators and valuation multiples of other comparable listed companies selected based on the characteristics of the Target Company.

The comparable transaction method uses the consideration of other comparable financing or M&A transactions as a reference to analyse the pricing of this transaction.

The advantages, disadvantages and applicability of the above two methods are as follows:

The advantage of the comparable company method is that it is based on the efficient market hypothesis, that is, the transaction price reflects all available information including industry trends, business risks, development speed, profitability etc., for which the information and related parameters are highly accessible; the disadvantages are that it is impossible to make accurate adjustments based on the business and financial differences between comparable companies, and it is impossible to take into consideration factors such as corporate governance and government supervision.

The advantage of the comparable transaction method is that the method is based on the actual transaction price of comparable transactions and the valuation standard is clear; the disadvantage is that there may be differences in terms of transaction structure, negotiation and process between different M&A transactions, even between transactions in the same industry and of the same type, may still have differences in terms of transaction structure, transaction negotiation and transaction process, etc. It may be difficult and subjective to select comparable transactions and make adjustment and analysis based on the actual situation.

This Valuation Report will analyse and value the pricing of this transaction through the comparable company method and comparable transaction method according to the actual conditions of the transaction; meanwhile, as the Target Company is a company listed on the Hong Kong Stock Exchange, this valuation will also consider the premium of the domestically listed company's bid to acquire Hong Kong listed companies, in order to analyse the fairness and reasonableness of the pricing of this transaction.

II. Comparable Company Method

(1) Selection of comparable company

AAG Energy is a company listed on the Hong Kong Stock Exchange and is primarily engaged in the exploration, development and production of CBM in China. AAG Energy engages in the business through entering into product sharing contracts with China United Coalbed Methane and PetroChina (two of the four state-owned companies authorized by the Chinese government to jointly explore, develop and produce CBM with foreign companies). According to the product sharing contracts, AAG Energy became the actual operator of the Panzhuang and Mabi blocks and obtained the rights to explore, develop and produce CBM in these blocks. Therefore, the selection of the comparable company must follow the following principles:

1. The comparable company is engaged in the same or similar industry or business as AAG Energy.
2. The comparable company needs to be a large-scale CBM exploration, development and production company.
3. The comparable company needs to be a listed company to ensure the availability, reliability and comparability of data.

Chinese CBM producers can be broadly classified as large state-owned enterprises, foreign CBM producers, and local coal mining companies. As an extension of the competitive advantages accumulated in the field of conventional natural gas, large state-owned enterprises, which mainly include PetroChina and China United Coalbed Methane, have inherent advantages in raising funds, pipeline accessing, and registering blocks. They play a leading role in China's CBM industry; currently, foreign CBM producers can only choose to cooperate with state-owned enterprises authorized by the Chinese government to conduct business within China; local coal mining companies (such as Blue Flame Holding, a subsidiary of the Jincheng Anthracite Mining Group) can carry out CBM development and production within the coal mining areas they own.

The domestic and foreign listed companies currently engage in the CBM business in Shanxi include: Shanxi Blue Flame Holding Co., Ltd. (hereinafter referred to as “**Blue Flame Holdings**”) (000968.SZ) listed on the Shenzhen Stock Exchange, Green Dragon Gas listed on the London Stock

Exchange, Far East Energy, listed on the off-exchange electronic trading board in the United States, and AAG Energy (02686.HK), the subject of this transaction. Since Far East Energy has not achieved profitability in China, and Green Dragon Gas is only profitable in 2015, the comparable company that is the most suitable for this Valuation Report is Blue Flame Holdings.

Blue Flame Holdings was formerly known as Taiyuan Coal Chemicals Co., Ltd., and was listed on the Shenzhen Stock Exchange in 2000. Its main business is the production and sale of coal and coke. Its main products are raw coal, clean coal and middling coal. In July 2016, the Company launched a major asset reorganization, carried out asset replacement, disposed of assets, liabilities, personnel, etc., from the coal business, and injected 100% equity of Blue Flame CBM Co., Ltd. held by Shanxi Coal Group. The asset replacement was completed in December 2016. The company was renamed as “Blue Flame Holdings” and its main business changed to coal mine gas control and CBM exploration, development and utilization. It became the only CBM company among A-share companies, and the company’s controlling shareholder changed from Taiyuan Coal Gasification Group Co., Ltd. to Shanxi Jinmei Group and the beneficial owner was Shanxi Provincial State-owned Assets Supervision and Administration Commission. According to Blue Flame Holdings’ 2017 annual Valuation Report, CBM sales accounted for 58.89% of its revenue.

(2) Comparison of financial indicators

The comparison of the financial indicators of Blue Flame Holdings and AAG Energy in 2017 is as follows:

Table 1: Comparison of financial Indicators between AAG Energy and Blue Flame Holdings

Items	**AAG Energy (2686.HK)**	**Blue Flame Holdings (000968.SZ)**
Debt to Asset ratio	19.28%	55.65%
Net profit/operating income	33.83%	24.97%
ROA	3.04%	7.00%
ROE (weighted)	3.72%	18.89%

Source: Wind, 2017 Annual Report of Blue Flame Holdings, 2017 Annual Report of AAG Energy, Cinda Securities R&D Center

Note: In order to keep the timing of the financial data of the two listed companies consistent, data in their 2017 mid-year report were used.

In terms of profitability, there is little difference in terms of profitability between AAG Energy and Blue Flame Holdings. The debt-to-asset ratio of AAG Energy is only 19.28%, which is significantly lower than 55.65% of Blue Flame Holdings. However, the cost of exploration and development of CBM in the early stage is high, the ratio of asset subject to capitalization in the previous period is significant, and AAG Energy has only started commercial operation since 2016, compared to Blue Flame Holdings which started commercial operations for a longer period of time, resulting in the lower ROA and ROE of AAG Energy than Blue Flame Holdings.

(3) Results of valuation

The average trading price of Blue Flame Holdings on March 30, 2018 was RMB 12.80 per share. According to Blue Flame's 2017 EPS of RMB0.55, the P/E ratio is 23.27 times. According to Blue Flame 's 2017 net assets per share of RMB3.267, the P/B ratio is 3.92 times.

AAG Energy's EPS in 2017 was RMB0.055 and its net asset per share was RMB1.48. Accordingly, the corresponding stock prices of AAG Energy are estimated to be RMB 1.28/share and RMB5.80 /share respectively, namely HKD1.60 /share and HKD7.27 / share. The offer price of this transaction is HKD1.75 /share, slightly higher than the P/E valuation under comparable company method of HKD1.60 /share, but much lower than the P/B valuation of HKD7.27 /share.

Table 2: Comparable Companies Valuation of AAG Energy

Relative valuation indicators of comparable company	Valuation of AAG Energy
Calculated according to P/E of Blue Flame Holdings (23.27)	RMB1.28 /share, HKD1.60/share*
Calculated according to P/E of Blue Flame Holdings (3.92)	RMB5.80 /share, HKD7.27/share*

* The exchange rate of RMB against HKD is based on the central parity rate of RMB in the inter-bank foreign exchange market on March 30, 2018 (RMB1 = HKD1.2523).

III. Comparable transaction

(1) Selection of comparable transaction

In this valuation, comparable transactions were selected according to the following principles:

1. Based on the business scope and the industry of AAG Energy, transactions that were announced and completed in the last 5 years (2012 - 2017) with publicly disclosed information were selected.

2. Considering that completion of this transaction will cause AAG Energy to become a subsidiary of Liming Holding Limited, comparable transactions were selected on the basis that the acquirer would obtain control over the target after the transaction was completed.

Based on the above principles, acquisition of Beijng Zhonghai Warburg Energy Development Co., Ltd. ("**Zhonghai Warburg**") by Shanghai Worth Garden Co., Ltd. ("**Worth**") and asset replacement between Taiyuan Coal Gasification Company, Limited ("* **ST Gas**") and Blue Flame Holding were selected as the comparable transactions in this Valuation Report. Overview of comparable transactions:

Comparable Transaction 1: Acquisition of Zhonghai Warburg by Worth

Worth paid an aggregate of RMB1.224 billion to Shanxi Huijing Enterprise Management Consultancy Co., Ltd., Shanxi Ruilong Tiancheng Trade Co., Ltd., and Borui Tianchen (Beijing) Investment Co., Ltd. to acquire 27.20% equity interest in Zhonghai Warburg in October 2017. In the transaction, the purchase price of 100% equity interest in Zhonghai Warburg was RMB4.5 billion, indicating a P/B ratio of 7.43 against the audited book value of net assets as at September 30, 2017, which is RMB 605,395,200.

Comparable Transaction 2: Asset Replacement between *ST Gas and Blue Flame Holding

In December 2016, * ST Gas assigned its assets and liabilities other than any and all payable bonds, and a part of current assets, tax payables and interest payables to Blue Flame Holding in exchange for its equity interest of equal value, and *ST Gas also purchased the remaining equity interest of Blue Flame Holding from Jincheng Coal Group, the controlling shareholder of Blue Flame Holding, by issuing shares and paying Jincheng Coal Group in cash. Based on those, *ST Gas acquired 100% equity interest in Blue Flame Holding.

(2) Result of valuation

As of March 30, 2018, share price of AAG Energy was HKD1.37 per share. After communications and negotiations between the Listed Company and major shareholders of AAG Energy, price of this offer was fixed at HKD1.75 per share (subject to any announcement provided in the offer).

As of December 31, 2017, according to the 2017 Annual Report disclosed by AAG Energy, its total assets, equity attributable to the owners of the parent and net asset per share was respectively RMB 6.132 billion, RMB4.950 billion and RMB 1.48 (approximately HKD1.85 per share). Based on the current offer price of HKD1.75 per share, P/B of AAG Energy is 0.95, which was not only lower than the P/B in the Comparable Transaction 1, but also lower than the P/B in the Comparable Transaction 2.

The following is the comparison of valuation indicators between the target and comparable transactions:

Table 3: Target valued by comparable transaction method

Relative valuation indicators of comparable company	Estimated value of AAG Energy
Based on P/B=7.43 in the Comparable Transaction 1	RMB 11.00 per share, HKD 13.78 per share *
Based on P/B=1.28 in the Comparable Transaction 2	RMB 1.89 per share, HKD 2.37 per share *

* The exchange rate of RMB against HKD is based on the central parity rate of RMB in the inter-bank foreign exchange market on March 30, 2018 (RMB1 = HKD1.2523).

IV. Discounted cash flow method

This transaction is a tender offer in the open market. Prior to the completion of the acquisition, we cannot carry out on-site due diligence on the target due to restrictions imposed by overseas laws and regulations and commercial confidentiality, and can only obtain relevant information from the public sources. Therefore, we cannot provide detailed forecast about the future profits and cash flows of the target in this Valuation Report. At the same time, it is estimated that the future revenue increase of AAG Energy will be primarily attributable to Mabi Block, however, NDRC has not yet registered the phase-1 ODP of Mabi Project. Therefore, it is difficult to estimate the daily output of single well at the stages of development and commercial operation of the project, as well as the costs of exploration and fracturing of single well by different exploration methods. In addition, since China’s natural gas market is currently in the stage of reform, it is difficult to predict when the policies such as natural gas prices and third-party access to pipeline transportation will be introduced and the influence of those policies. Many variables and assumptions used in the discounted cash flow valuation model have a direct impact on the accuracy of the prediction, therefore, the discounted cash flow is not used for this transaction.

V. Transaction premium in A-share listed companies’ acquisition of Hong Kong-listed companies by way of tender offer

Offer price paid for the acquisition of an overseas listed company by a domestically listed company through tender offer is usually at a premium to the target company’s trading price in the open market. Based on the situation of acquisition of Hong Kong-listed company by domestically listed company through tender offer since 2015, we selected tender offer initiated by 3 listed companies for comparison: Yuantong Express (600233.SH), China COSCO (601919.SH) and China Grand Automotive (600297.SH). We analysed the premium of the offer price relative to the average stock price over 1 trading day, 30 trading days, 60 trading days and 120 trading days before the announcement of the offer.

Appendix I
Cinda Analysis

(1) Premium for this transaction

Since AAG Energy has not yet announced this tender offer, the premium level of the tender offer for this transaction had to be analysed on the basis of the average stock price of AAG Energy over 1 trading day, 30 trading days, 60 trading days and 120 trading days before the benchmark date, which is March 30, 2018. The details are as follows:

The offer price of shares in this transaction is HKD1.75 per share

Items	1 trading day before the benchmark date	30 trading days before the benchmark date	60 trading days before the benchmark date	120 trading days before the benchmark date
Average stock price (HKD/share)	1.37	1.32	1.24	1.12
Offer premium rate	27.74%	32.58%	41.13%	56.25%

(2) Premium of comparable transactions

1. Yuantong Express (600233.SH) offers to acquire On Time Logistics Holdings Limited (6123.HK)

(1) Announcement date of offer: May 8, 2017

(2) Offer price of shares: HKD4.0698 / share

Items	1 trading day before the announcement date	30 trading days before the announcement date	60 trading days before the announcement date	120 trading days before the announcement date
Average stock price (HKD/share)	3.76	3.54	3.27	3.12
Offer premium rate	8.24%	14.97%	24.46%	30.44%

2. China COSCO (601919.SH) offers to acquire Orient Overseas International (0316.HK)

(1) Announcement date of offer: July 9, 2017

(2) Offer price of shares: HKD78.67 / share

Items	1 trading day before the announcement date	30 trading days before the announcement date	60 trading days before the announcement date	120 trading days before the announcement date
Average stock price (HKD/share)	60.00	51.35	46.60	44.72
Offer premium rate	31.12%	53.20%	68.82%	75.92%

3. China Grand Automotive (600297.SH) offers to acquire Baoxin Auto (1293.HK)

(1) Announcement date of offer: December 11, 2015

(2) Offer price of shares: HKD5.99 / share

Items	1 trading day before the announcement date	30 trading days before the announcement date	60 trading days before the announcement date	120 trading days before the announcement date
Average stock price (HKD/share)	4.15	3.40	3.31	3.66
Offer premium rate	44.34%	76.18%	80.97%	63.66%

(3) Comparison result

Items	1 trading days before announcement/benchmark date	30 trading days before announcement/benchmark date	60 trading days before announcement/benchmark date	120 trading days before announcement/benchmark date
Offer premium rate of this transaction	27.74%	32.58%	41.13%	56.25%
Offer premium rate of comparable transaction (average)	27.90%	48.12%	58.08%	56.67%

Comparisons in the above table have shown that the tender offer premium rate of this transaction is lower than the average of the tender offer premium rate of comparable transactions as at the 30 trading days and 60 trading days before the benchmark date / announcement date. As at 1 trading day and 120 trading days before benchmark/announcement date, the tender offer premium rate of this transaction is close to the average tender offer premium rate of comparable transactions.

VI. Valuation and analysis of comparison results

According to the comparable company method, the corresponding stock price of AAG Energy is HKD1.60 per share in the case of P/E-based valuation, and HKD7.27 per share in the case of P/B-based valuation. According to the comparable transaction method, the corresponding stock price of AAG Energy is HKD13.75 per share in the case of calculation based on P/B multiple in the Comparable Transaction 1, which is 7.43, and HKD2.37 per share in case of calculation based on P/B multiple in the Comparable Transaction 2, which is 1.28, respectively.

The price of this offer is higher than the price resulted from P/E-based valuation that is conducted under the comparable company method, but lower than the price resulted from P/B-based valuation that is conducted under the comparable company method and the valuation results under the comparable transaction method.

The acquisition of AAG Energy allows the Company to expand its business areas and fields, and exert the synergy effect through the integration of upstream and downstream industrial chains, thus gradually narrowing its gap with leading companies in the industry, and enhancing the Company's discourse power in the industry. At the same time, based on the premium level achieved in the offer acquisition of Hong Kong-listed companies by other domestically listed companies, the price of this transaction is reasonable and fair.

Chapter III Valuation Assumptions

I. General assumptions

(1) Open market assumptions

The open market assumptions assume that parties to the transaction of assets traded or to be traded on the market are equal in status and are granted with the opportunities and time to obtain sufficient market information so as to make sensible judgments with respect to the functions, purposes and transaction prices of the assets. The open market assumptions are based on the publicly tradable assets in the market.

(2) Going-concern assumption

The going-concern assumption is an assumption that subject to an enterprise's continuous and normal production and business activities, that enterprise will continue to operate according to its current scale and status and will neither suspend operations, nor cut business on a large scale in the foreseeable future.

II. Special assumptions

1. This Valuation Report assumes that the external economic environment remains unchanged and that there is no major change in the country's current macroeconomic environment on the benchmark date.

2. There are no significant changes in the socio-economic environment in which the enterprise is located and the taxation burden, tax rate, and other policies to which it is subject.

3. With respect to the companies involved, their management will perform due diligence in the future operations and continue to maintain the current operation and management mode.

4. There are no other force majeure factors and unforeseen factors that have a significant adverse effect on the Company.

5. The Valuation Report assumes that the relevant basic data, financial information and public information are true, accurate and complete. When the above conditions change, the analysis in this Valuation Report will generally fail.

Chapter IV Conclusions

I. Conclusions

Based on the above analysis, the Company's acquisition of AAG Energy by way of an offer can further improve the strategic implementation of " Energy Industry Chain", expand its path to develop from a global perspective and enhance its sustainable operation ability and core competitiveness. We believe that the offer price of the transaction is reasonable and fair, and there is no harm to the interests of the Company and its shareholders.

II. Restricted use

This Valuation Report can only be used for the purposes set out herein. At the same time, this Valuation Report is to demonstrate whether the transaction price is reasonable under the stated purposes hereof, without taking into account changes in the country's macroeconomic policies and the impact of natural forces and other force majeure on asset prices. When the above conditions and such conditions as going-concern assumptions followed by the Valuation Report change, the analysis in this Valuation Report will generally fail. We disclaim any legal liability for the invalidation of the results hereof due to changes in these conditions. The establishment of this Valuation Report is subject to the compliance of the transaction with the relevant national laws and regulations, and the approval/filing of the relevant authorities. Without our consent and review, this Valuation Report may not be excerpted, quoted or disclosed in the public media either in whole or in part, unless otherwise stipulated by relevant laws and regulations and agreed by the parties concerned. The opinions expressed by us in its Valuation Report are based on the market conditions, economic situation, financial status and other information obtained as at March 30, 2018.This Valuation Report does not consider any events or circumstances that occurred after the benchmark date. Investors are kindly revised to pay attention to relevant announcements or events that are subsequently issued on the benchmark date. According to the purpose hereof, this Valuation Report does not consider the future trading activities and stock price performance of the relevant companies.

The Valuation Report is valid for 12 months from April 27, 2018 to April 26, 2019.

(This page is intentionally left blank as the signature page of the Valuation Report of Cinda Securities Co., Ltd., in relation to the major asset restructuring of Xinjiang Xintai Natural Gas Co. Ltd.)

Valued by:

Zhang Yansheng

Cinda Securities Co., Ltd.

Date:

VIII. Analysis of the reasonableness of the valuation and the fairness of the pricing of the target company (the "Target Company") by the board of directors of the listed company (the "Listed Company" or "Company") (on pages 81-82 of the Acquisition Report)

This transaction is a tender offer for overseas open market, the pricing of which is not based on asset assessment report and valuation report. The price of this offer is made based on comprehensive considerations and evaluation of the Target Company's strategic value, industry development, asset status, profitability, technical conditions, and synergy effect, and is determined based on the Target Company's net assets and open market value. In this transaction, Cinda Securities Co., Ltd. ("**Cinda Securities**") issued a valuation report to analyse the reasonableness and fairness of the offer price from the perspective of an independent valuation agent.

(I) Opinions of the Board of Directors

After analysing the independence of the valuation agent, the reasonableness of the valuation assumptions, and the fairness of transaction price, the board of directors of the Company believes that:

1. The valuation agent of this major asset acquisition, Cinda Securities, is qualified for securities business. Cinda Securities and its handling staff have no affiliated relationship with the Company and the Target Company other than business relationships. Cinda Securities has no realistic or expected interests in the Company and the Target Company, other than the payment and receipt of professional fees. The valuation agent is independent.

2. The presumptions and limitations of the valuation assumptions set by the valuation agent are in line with the relevant state laws and regulations, follow the general practice or guidelines of the market and are in line with the actual conditions of the valuation target. Therefore, the presumptions of valuation assumption are reasonable.

3. The purpose of this valuation is to provide fair and reasonable analysis of the price of this transaction. The range of assets actually valued by the valuation agent is consistent with the range of assets commissioned for valuation; the valuation agent has implemented the corresponding valuation process by following the principles of independence, objectivity, scientificity, fairness, etc., and using the valuation methods that were compliant and in line with the actual conditions of the underlying assets. The selected reference data were reliable; the valuation value was fair and reasonable; the valuation method was properly chosen, the valuation conclusion was reasonable, and the valuation method was consistent with the valuation purpose.

4. The important parameters for the valuation of the transaction, such as the value analysis principles, the comparable company selected and the value ratios, are in line with the actual conditions of the Target Company. The valuation basis and the valuation conclusion are reasonable. The transaction is fairly priced and will cause no harm to the interests of the Listed Company and its shareholders.

(II) Opinions of Independent Directors

The independent directors of the company have analysed the independence of the valuation agency, the reasonableness of the valuation assumptions, and the fairness of the transaction price and issued the following independent opinions:

1. The valuation agent engaged by the Company for this major asset acquisition is qualified for securities business. Cinda Securities and its handling staff have no affiliated relationship with the Company and the Target Company other than business relationships. Cinda Securities has no realistic and expected interests in the Company and the Target Company other than the payment and receipt of professional fees. The valuation agent is independent.

2. The presumptions of the valuation assumptions used in the valuation report of this major asset acquisition of the company are in line with the relevant state laws and regulations, follow the general practice or guidelines of the market and are in line with the actual conditions of the valuation target. Therefore, the presumptions of valuation assumption are reasonable.

3. The important parameters for the valuation of the transaction, such as the value analysis principles, the comparable company selected and the value ratios, are in line with the actual conditions of the Target Company. The valuation basis and the valuation conclusion are reasonable. The transaction is fairly priced and will cause no harm to the interests of the Listed Company and its shareholders.

X. Opinions in principle of the controlling shareholder and the parties acting in concert with the controlling shareholder in relation to the restructuring (on pages 19-20 of the Acquisition Report)

Mr. Ming Zaiyuan (the controlling shareholder and the beneficial controlling person of Xinjiang Xintai) is of the view that the transaction enhances the operational sustainability and business profitability of Xinjiang Xintai, and strengthens the protection of shareholders' rights, especially those of the minority shareholders. Mr. Ming Zaiyuan has no objection against the transaction, and promises to vote in support of the resolutions in relation to the transaction in the forthcoming shareholder meeting of Xinjiang Xintai.

(I) Opinions of the Independent Financial Advisor (on page 94 of the Acquisition Report)

2. The transaction enhances the consolidation of the upper and lower ends of the business value chain of Xinjiang Xintai, expands its asset base, extends its geographical business reach and strengthens its business sustainability. The transaction is, therefore, in the interest of Xinjiang Xintai and its shareholders as a whole.