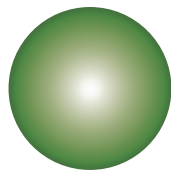


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元亨燃氣

YUANHENG GAS

YUAN HENG GAS HOLDINGS LIMITED

元亨燃氣控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 332)

**(1) SHARE TRANSACTION:
ACQUISITION OF 50% ISSUED CAPITAL OF
GUIZHOU GAS (GROUP) XISHUI JINQIAO GAS CO., LIMITED
INVOLVING
THE ISSUE OF CONSIDERATION SHARES
UNDER GENERAL MANDATE;
(2) CONNECTED TRANSACTION WITH CONNECTED PERSON AT
SUBSIDIARY LEVEL:
CAPITAL INCREASE;
AND (3) RESUMPTION OF TRADING**

(1) SHARE TRANSACTION

On 21 April 2015, after trading hours, Purchaser C and Purchaser D, two subsidiaries of the Company, entered into the Agreement with Seller A and Seller B to acquire an aggregate 50% interests in the Target. Immediately upon completion of the Acquisition, the Company will indirectly hold 50% interests in the Target, where 49% interests will be held by Purchaser C and 1% interests will be held by Purchaser D, and the remaining 50% interests will continue to be held by Seller A.

The total consideration for the acquisition of the 50% interests in the Target is RMB36,735,000, in which RMB36,000,000 shall be paid by Purchaser C to Seller B for the acquisition of the 49% interests of the Target Seller B holds and RMB735,000 shall be paid by Purchaser D to Seller A for the acquisition of 1% interest Seller A holds. The consideration shall be payable by stages. A total of 34,102,724 Consideration Shares will be issued to Seller B at HK\$0.60 each and in accordance with the terms of the Agreement.

The sale of the 49% interest by Seller B to Purchaser C constitutes a share transaction under Rule 14.07(1) as all relevant percentage ratios are less than 5% and the consideration includes the allotment and issuance of new Shares for which listing will be sought.

(2) CAPITAL INCREASE

Upon completion of the Acquisition, Seller A, Purchaser C and Purchaser D will increase the registered capital of Huaheng Energy from the existing RMB40 million to RMB80 million by Seller A, Purchaser C and Purchaser D transferring their respective shareholding interests in the Target into Huaheng Energy.

Each of Seller A, Purchaser C and Purchaser D will transfer their respective shareholding interests in the Target to satisfy the consideration for their respective and pro-rata obligations for the increase in the registered capital of Huaheng Energy. By completing the Capital Increase, the Target will become an indirect non-wholly owned subsidiary of the Company and its financial results will be consolidated in the financial results of the Company thereafter.

Although the transfer of all the interests in the Target to Huaheng Energy will result in the Target becoming a non-wholly owned subsidiary of the Company which constitutes an acquisition by the Company, none of the percentage ratios exceeds 5% and therefore the Capital Increase is not subject to Chapter 14 requirement. Since Seller B is a connected person of the Company at subsidiary level only which is a substantial shareholder of both Huaheng Energy and the Target, the transfer of Seller B's interests in the Target to Huaheng Energy is a connected transaction with connected person at subsidiary level only, and is exempt from the circular, independent financial adviser and shareholders' approval requirement pursuant to Rule 14A.101.

(3) RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted from 9:00 a.m. on 20 April 2015 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 22 April 2015.

Introduction

The Board is pleased to announce that on 21 April 2015, after trading hours, Purchaser C and Purchaser D, two subsidiaries of the Company, entered into the Agreement with Seller A and Seller B to acquire an aggregate 50% interests in the Target.

Principal terms of the Agreement

Date:

21 April 2015 (after trading hours)

Parties:

1. Seller A, as one of the sellers;
2. Seller B, as one of the sellers;
3. Purchaser C, as one of the purchasers; and
4. Purchaser D, as one of the purchasers

PART 1 — SHARE TRANSACTION

Assets to be acquired

Purchaser C will acquire the entire 49% interests of the Target from Seller B and Purchaser D will acquire 1% interest of the Target from Seller A.

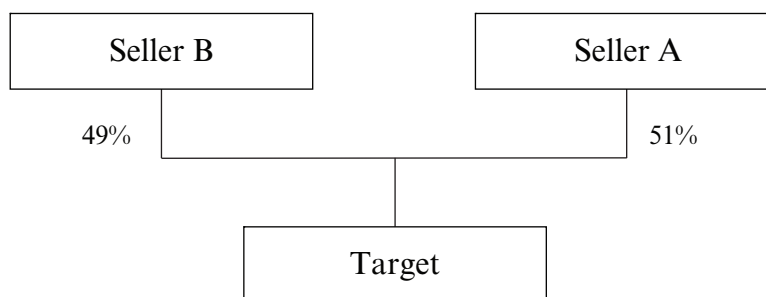
Immediately upon completion of the Acquisition, the Company will indirectly hold 50% interests in the Target, where 49% interests will be held by Purchaser C and 1% interests will be held by Purchaser D, and the remaining 50% interests will continue to be held by Seller A.

It is expected that the Target will become a joint venture company of the Company immediately upon completion of the Acquisition.

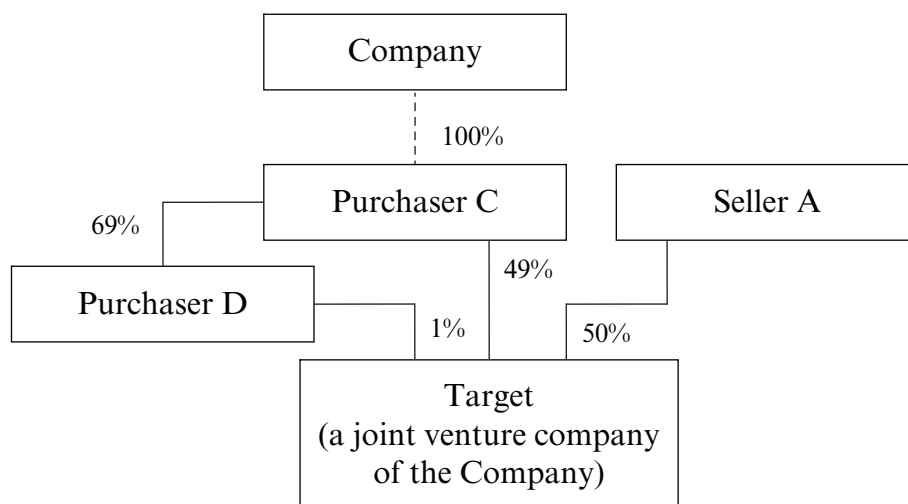
The shareholdings in the Target as at the date of this announcement and immediately upon the completion of the Acquisition are and will be as follows:

	As at the date of this announcement		Immediately upon the completion of the Acquisition	
	<i>Registered Share Capital each shareholder is interested in (RMB'000)</i>	<i>%</i>	<i>Registered Share Capital each shareholder is interested in (RMB'000)</i>	<i>%</i>
Seller A	20,400	51	20,000	50
Seller B	19,600	49	—	—
Purchaser C	—	—	19,600	49
Purchaser D	—	—	400	1
Total	40,000	100	40,000	100

As at date of the announcement:



Immediately upon completion of the Acquisition:



Conditions Precedent

Completion of the Acquisition is conditional upon:

- (1) the obtaining of the Outstanding Approval, the signing of the Outstanding Franchise Agreement by the Target, the transfer and registration of the aggregate 50% interests in the Target, and the obtaining of the Outstanding Permits by the Target, and
- (2) if required, obtaining necessary shareholders' approval at a general meeting of the Company to be convened and held to approve the Agreement and the transactions contemplated thereunder,

on or before the specified time as set out in each stage payment of the Consideration and in any event on or before 30 June 2015, subject to all parties agreeing to give an additional 3 months grace period to 30 September 2015, failing which Purchaser C and Purchaser D shall be entitled to terminate the Agreement, and Seller A and Seller B shall return all the purchase price already paid to Purchaser C and Purchaser D with interest and damages that may have suffered.

Consideration

The total consideration for the acquisition of the 50% interests in the Target is RMB36,735,000, in which RMB36,000,000 shall be paid by Purchaser C to Seller B for the acquisition of the 49% interests of the Target Seller B holds and RMB735,000 shall be paid by Purchaser D to Seller A for the acquisition of 1% interest Seller A holds.

Payment terms

The consideration shall be payable by stages as follows:

- First stage payment: RMB4,900,000 shall be payable by Purchaser C to Seller B in cash and RMB400,000 shall be payable by Purchaser D to Seller A in cash within 10 business days after signing of the Agreement and the transfer of the aggregate 50% interests in the Target to Purchaser C and Purchaser D has been approved by the relevant PRC authorities;
- Second stage payment: RMB4,900,000 shall be payable by Purchaser C to Seller B in cash within 10 business days upon the Target obtaining the Outstanding Approval and signing the Outstanding Franchise Agreement where such approval and signing shall be obtained and done within one month from the date of the Agreement;
- Third stage payment: RMB9,800,000 shall be payable by Purchaser C to Seller B in cash within 10 business days upon successful transfer and registration of such transfer at the relevant PRC authorities of the aggregate 50% interests in the Target to Purchaser C and Purchaser D where such transfer and registration shall be completed within one month from the date of the Agreement; and
- Fourth stage payment: RMB16,400,000 shall be payable by Purchaser C to Seller B by procuring the Company to issue the Consideration Shares to Seller B and RMB 335,000 shall be payable by Purchaser D to Seller A in cash within 10 business days upon the Target obtaining the Outstanding Permits where such permits shall be obtained before 30 June 2015.

Consideration Shares

The issue price of the Consideration Shares shall be based on the closing price of the Shares on the date of the Agreement and the Consideration Shares will be issued by the Company utilising the existing General Mandate which has not been used before and will be sufficient for the purpose.

A total of 34,102,724 Consideration Shares will be issued to Seller B at HK\$0.60 each and in accordance with the terms of the Agreement and represent:

- (a) the closing price of HK\$0.60 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (b) a discount of about 1.67% to the average closing price of HK\$0.61 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day.

The 34,102,724 Consideration Shares represent about 0.643% of the existing issued share capital of the Company as at the date of this announcement and the conversion of RMB16,400,000 into HKD20,461,634.40 and is calculated based on the exchange rate of RMB0.8015 to HKD1; and about 0.639% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares. There is no restriction against Seller B to deal with the Consideration Share upon allotment and issue to it.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

The consideration was arrived at after arm's length negotiation with the Sellers with reference to the registered and paid up capital of the Target of RMB40,000,000, and the part of the consideration will be satisfied by issuing new Shares which reduce financial outlays of the Group on the one hand and increase the capital base of the Company on the other hand, also taking into account that no effective discount to the issue price will be made for the issuance of the Consideration Shares. The Company will utilise its own resources to finance the remaining payment of the cash element of the consideration, which will be sufficient for the purpose.

Part 2 — Connected Transaction with connected person at subsidiary level

Principal terms of the Capital Increase

It is a term of the Agreement applicable to Seller A, Purchaser C and Purchaser D that upon completion of the Acquisition, Seller A, Purchaser C and Purchaser D will increase the registered capital of Huaheng Energy from the existing RMB40 million to RMB80 million by Seller A, Purchaser C and Purchaser D transferring their respective shareholding interests in the Target into Huaheng Energy.

Assets to be acquired

Since the Target will only be treated as a joint venture company of the Company immediately upon completion of the Acquisition, in order for the Company to rationalize and take control of the Target, by completing the Capital Increase, the Target will become an indirect non-wholly owned subsidiary of the Company and its financial results will be consolidated in the financial results of the Company thereafter.

Condition precedent

Completion of the Capital Increase is conditional upon, if required, obtaining necessary shareholders' approval at a general meeting of the Company to be convened and held to approve the Agreement and the transactions contemplated thereunder.

Further, if the Acquisition is not completed in accordance with the terms of the Agreement, the Capital Increase will not take place.

Consideration

Each of Seller A, Purchaser C and Purchaser D will transfer their respective shareholding interests in the Target to satisfy the consideration for their respective and pro-rata obligations for the increase in the registered capital of Huaheng Energy.

The consideration for the Capital Increase was arrived at after arm's length negotiation between Seller A, Purchaser C and Purchaser D with reference to the registered and paid up capital of the Target which is RMB40 million, and each of the parties will be contributing their pro-rata shareholding interests in the Target to Huaheng Energy, which they also maintain the same pro-rata shareholding interests.

Reasons for entering into the Agreement

The management considers the Acquisition will create synergies for the Target and Huaheng Energy and enhance the overall management, business and operation efficiency.

According to the exclusive operating right of sales of piped gas to white wine distillery factories located in Renhuai City of Guizhou Provinces held by Huaheng Energy, the Group is supplying natural gas to a number of famous white wine distillery enterprises including Maotai and Guotai. While the target is currently supplying natural gas to Xijiu, another famous white wine distillery enterprise. The transaction will enable the Group to further capture the market share and penetrate into the white wine markets along the Guizhou Chishui River region.

The Acquisition not only enables the Group to expand its distribution channel along the Chishui River Region (from Maotai located in the upstream of the River to Xijiu located in the downstream of the River) but also fulfill the needs of the residents and other industrial users for higher usage of the energy. It is expected that a multiple modes of supply of pipeline natural gas, LNG and shale gas will be established along the region upon the integration of gas storage facilities of Huaheng Energy and the Target. This will also lead to positive impact to the environment protection of the Chishui River, where Maotai is located, resulting both economic and social benefits.

Instead of the Group acquiring only the 49% interests in the Target held by Seller B, Seller A has agreed to sell 1% interest in the Target to Purchaser C on the same consideration basis (but with cash only) so as to facilitate the restructuring of the Target to become a wholly-owned subsidiary of Huaheng Energy (and an indirectly non-wholly owned subsidiary of the Company) by mirroring the same shareholding structure of the Target immediately after completion of the Acquisition with that of Huaheng Energy before injecting their respective interests in the Target into Huaheng Energy.

Our Board also noted that although certain of the Outstanding Approval and Outstanding Permits of the Target have not yet been obtained, it is somehow an unavoidable event due to the lengthy governmental approval process. In any event, the Board also noted that in the Agreement, Seller A and Seller B has warranted and undertaken to Purchaser C and Purchaser D for damages and losses that may be suffered by the Target due to the lack of the Outstanding Approval and Outstanding Permits before completion and that if Seller A and Seller B fails to obtain the Outstanding Approval, the Outstanding Permits and/or fails to sign the Outstanding Franchise Agreement for the Target, Purchaser C and Purchaser D will be entitled to terminate the Agreement and Seller A and Seller B will have to return all the stage payments already paid with interest and shall be liable for all damages and losses that may be suffered by Purchaser C and Purchaser D.

The Directors (including the independent non-executive Directors) have confirmed and considered that the terms of the Agreement and the transactions contemplated therein, including the Acquisition, the pricing and issue of the Consideration Shares and the Capital Increase, have been subject to arm's length negotiation between the Group and the relevant

parties, and have been entered into by the Group on normal commercial terms, and are of the view that the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Since no Director is considered to have any material interest in the Agreement and the transactions contemplated therein, no Director has abstained from voting on the resolutions passed at the Board meetings held on 17 April 2015 and 21 April 2015 to approve on the relevant resolutions approving the Agreement and the transactions contemplated therein.

Information of the Parties Involved

The Sellers

Seller A is a state controlled enterprise and a leading gas corporation in Guizhou Province, PRC and the largest operator of intercity gas pipeline networks and sales of natural gas in Guizhou Province, PRC. Seller A currently holds 50% interests in Huaheng Energy, an indirectly non-wholly owned subsidiary of the Company where the Company indirectly holds the remaining 50% interests in it, and therefore, Seller A is a connected person of the Company at subsidiary level.

As advised by Seller B, it is a company established under the laws of the PRC in 2012 and is an investment holding company with an investment focus on energy, property, non-financial and utilities projects. Apart from being common shareholders in the Target as at the date of the Agreement, Seller B and its ultimate beneficial owners are not related to Seller A and their ultimate beneficial owners. The Directors confirm that to the best of their knowledge, information and belief, having made all reasonable enquiries, Seller B and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Members of the Group

The Company is an investment holding company. The Group is principally engaged in (i) trading of oil and gas products and the provision of related consultancy services; and (ii) processing, distribution, sales, trading and transportation of LNG and other auxiliary operations and networks in the PRC.

Purchaser C is an indirectly wholly-owned subsidiary of the Company. Purchaser C and its subsidiaries are engaged in the LNG processing, distribution, sales and trading and transportation and other auxiliary operations and networks in the PRC.

Purchaser D is a company established under the laws of the PRC and an indirectly non-wholly owned subsidiary of the Company and a direct subsidiary of Purchaser C. Currently, Purchaser D operates two natural gas liquefaction plants that are situated in Sichuan Province, the PRC.

Huaheng Energy is a company established under the laws of the PRC and an indirectly non-wholly owned subsidiary of the Company, where the Company holds 49% interests via Purchaser C and 1% via Purchaser D and the remaining 50% interests is held by Seller A. Huaheng Energy is a licenced natural gas dealer for the supply and sale of natural gas. Currently, it operates two LNG satellite stations located in Renhuai Famous Wine Industrial Park and Kweichow Moutai Distilleries in Renhuai, Guizhou for the storage and distribution of natural gas to the white wine distilleries.

Information on the Target

Target is a company established in Guizhou and under the laws of the PRC in July 2012 with a registered capital of RMB40,000,000. It is set up by Seller A and Seller B and their shareholding interests in the Target is 51% and 49% respectively and their contribution to the registered capital shall be in proportion to their shareholding interests. Its scope of business include city gas transportation, storage, sale, service and maintenance.

Currently, Target is operating an LNG storage facility at Lianghekou, Xijiu Town, Zunyi City, Guizhou Province and is negotiating with XiShui Economic Development Committee for operating a franchised LNG pipe-line business.

As advised by Seller A and Seller B, Target has applied for the Outstanding Approval, the Outstanding Permits and finalized the Outstanding Franchise Agreement and have warranted and undertaken that, within one month after the signing of the Agreement, the Outstanding Approval will be obtained and that Outstanding Franchise Agreement will be entered into. Seller A and Seller B have undertaken that the transfer and registration of the shareholding interests to Purchaser C and Purchaser D will be completed within one month after the signing of the Agreement. Also, the Outstanding Permits will be obtained by 30 June 2015.

Seller A and Seller B have also warranted and undertaken to compensate Purchaser C and Purchaser D for any loss, penalties, liabilities and damages that may have suffered due to any legal or operational defects of the Target, including those caused by the lack of the Outstanding Approval and/or the Outstanding Permits.

Set out below is the audited financial information of the Target for the two financial years ended 31 December 2013 and 2014:

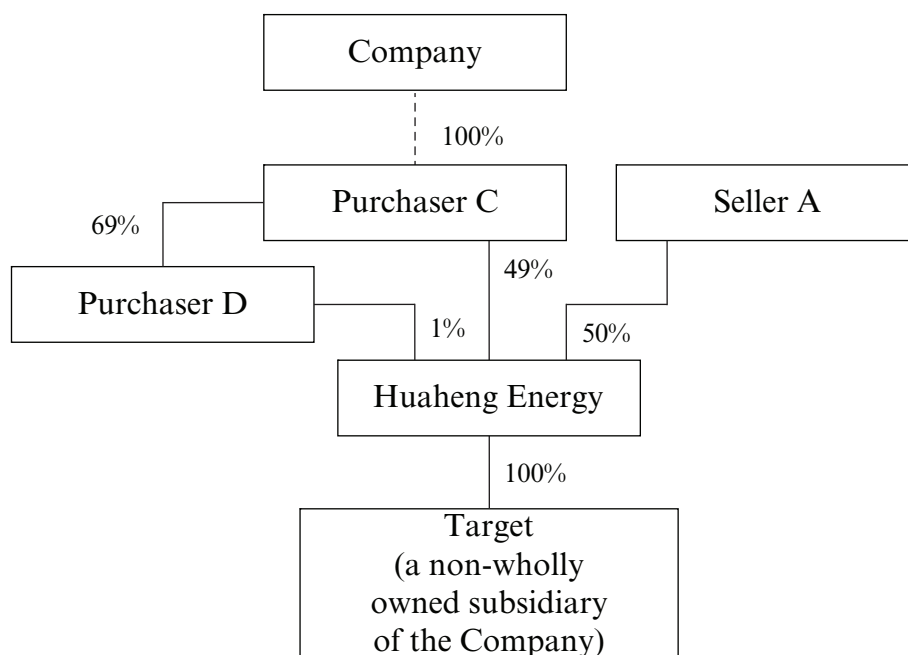
	For the year ended 31 Dec 2013 <i>RMB '000</i>	For the year ended 31 Dec 2014 <i>RMB '000</i>
Turnover	2,925	54,738
Net profits (before taxation)	-1,729	85
Net profits (after taxation)	-1,729	85

	As at 31 Dec 2013 <i>RMB '000</i>	As at 31 Dec 2014 <i>RMB '000</i>
Total asset value	45,349	73,062
Net asset value	17,527	37,613

The shareholdings in the Target immediately upon the completion of the Acquisition but before completion of the Capital Increase and immediately upon completion of the Capital Increase will be as follows:

	Immediately upon the completion of the Acquisition		Immediately upon completion of the Capital Increase	
	<i>Registered Share Capital each shareholder is interested in (RMB'000)</i>		<i>Registered Share Capital each shareholder is interested in (RMB'000)</i>	
		%		%
Seller A	20,000	50	—	—
Purchaser C	19,600	49	—	—
Purchaser D	400	1	—	—
Huaheng Energy	—	—	40,000	100
Total	40,000	100	40,000	100

Immediately after completion of the Capital Increase:



Listing Rules Implications

Part 1 — Share Transaction

Each of the Seller B and its ultimate beneficial owners is a third party independent to the Company and its connected person and is also a third party independent to Seller A. The sale of the 49% interest by Seller B to Purchaser C constitutes a share transaction under Rule 14.07(1) as all relevant percentage ratios are less than 5% and the consideration includes the allotment and issue of new Shares for which listing will be sought.

Seller A is a connected person of the Company at subsidiary level only and the sale of the 1% interest by Seller A to Purchaser D constitutes a connected transaction of the Company but is fully exempt pursuant to Rule 14A.76(1) as all relevant percentage ratios are less than 1% and in any event, will also be exempt from the circular, independent financial adviser and shareholders' approval requirement pursuant to Rule 14A.101.

Part 2 — Connected Transaction with connected person at subsidiary level

Although the transfer of all the interests in the Target to Huaheng Energy will result in the Target becoming a non-wholly owned subsidiary of the Company which constitutes an acquisition by the Company, none of the percentage ratios exceeds 5% and therefore the Capital Increase is not subject to Chapter 14 requirement.

However, since Seller B is a connected person of the Company at subsidiary level only which is a substantial shareholder of both Huaheng Energy and the Target, the transfer of Seller B's interests in the Target to Huaheng Energy is a connected transaction with connected person at subsidiary level only, and is exempt from the circular, independent financial adviser and shareholders' approval requirement pursuant to Rule 14A.101.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted from 9:00 a.m. on 20 April 2015 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 22 April 2015.

DEFINITIONS

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

“Acquisition”	the share transfer of an aggregate 50% interests in the Target by the Company, through its subsidiaries Purchaser C and Purchaser D from Seller A and Seller B
“Agreement”	the agreement dated 21 April 2015 and entered into between Seller A, Seller B, Purchaser C and Purchaser D regarding the sale and purchase of an aggregate of 50% interests in the Target
“associate”	has the meaning ascribed to it under Chapter 14A of the Listing Rules
“business day”	a day (other than a Saturday, Sunday or public holiday) on which banks are generally open for business in Hong Kong throughout their normal business hours
“Capital Increase”	the proposed increase of the registered capital of Huaheng Energy from the existing RMB40m to RMB80m
“Company”	Yuan Heng Gas Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it under Chapter 14A of the Listing Rules

“Directors”	directors of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting held on 23 September 2014, among other thing, to allot, issue and deal with up to 20% (being 1,060,560,383 Shares) of the then issued share capital of the Company as at the date of the annual general meeting (being 5,302,801,915 Shares)
“Group”	the Company and its subsidiaries
“Huaheng Energy”	貴州華亨能源投資有限公司 (Guizhou Huaheng Energy Investments Co., Ltd*), a company established under the laws of the PRC and an indirectly non-wholly owned subsidiary of the Company holding 50% interests and the remaining 50% interests is held by Seller A and the Company has control of its board
“Last Trading Date”	17 April 2015
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LNG”	liquefied natural gas
“Outstanding Approval”	approval from the local governmental authorities relating to the natural gas transportation trial operation of the Target that are still outstanding as at the date of this announcement
“Outstanding Franchise Agreement”	the franchise agreement that is under negotiation between the Target and 習水經濟開發區管理委員會 (XiShui Economic Development Committee*) for operating a franchised LNG pipe-line business
“Outstanding Permits”	outstanding permits for the operations of the Target and outstanding land use rights permits for a piece of land that has been leased by the Target
“percentage ratios”	as defined in the Listing Rules
“PRC”	The People’s Republic of China
“Purchaser C”	廣州元亨燃氣有限公司 (Guangzhou Yuanheng Gas Co., Limited*), a wholly-owned foreign enterprise established under the laws of the PRC and an indirectly wholly-owned subsidiary of the Company
“Purchaser D”	達州市匯鑫能源有限公司 (Dazhou Hui Xin Energy Co, Limited*), a company established under the laws of the PRC and an indirectly non-wholly owned subsidiary of the Company holding 69% interests
“Seller A”	貴州燃氣(集團)有限責任公司 (Guizhou Gas (Group) Co., Ltd*), a state-controlled company established under the laws of the PRC
“Seller B”	貴州金橋忠信投資有限公司 (Guizhou Jinqiao Zhongxin Investments Limited*), a company established under the laws of the PRC
“Shareholders”	holders of Shares

“Shares”	ordinary shares in the Company of HK\$0.10 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	貴州燃氣(集團)習水縣金橋燃氣有限公司 (Guizhou Gas (Group) Xishui Jinqiao Gas Co., Limited*), a company established under the laws of the PRC

By Order of the Board
Yuan Heng Gas Holdings Limited
Wang Jianqing
Chairman and Chief Executive Officer

Hong Kong, 21 April 2015

As at the date of this announcement, the executive Directors are Mr. Wang Jianqing, Mr. Bao Jun and Mr Zhou Jian; and the Independent non-executive Directors are Dr. Leung Hoi Ming, Mr. Wong Chi Keung and Mr. Tom Xie.

* *for identification purpose only*