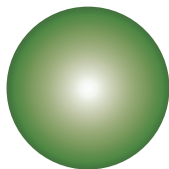


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元亨燃氣

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)

**NON-LEGALLY BINDING MEMORANDUM OF UNDERSTANDING
IN RELATION TO A PROPOSED ACQUISITION**

This announcement is made by the Company pursuant to Part XIVA of the Securities and Futures Ordinance (Cap. 571, of the Laws of Hong Kong) and Rule 13.09 of the Listing Rules.

The Board is pleased to announce that after trading hours on 20 August 2015, the Company and the Vendor entered into the MOU in relation to the Proposed Acquisition. The terms set out in the MOU are subject to further negotiation and the signing of the Formal Agreement.

It is intended that upon completion of the Formal Agreement, the Target Company will have all rights and benefits of the Agreements which shall have been transferred or assigned by the Vendor to the Target Company. The Target Company will principally be engaged in the owning, trading and chartering of liftboats, which are capable of carrying equipments, supplies in support of various offshore oil and gas explorations and construction activities and working staffs.

The Company wishes to emphasize that no binding agreement in relation to the Possible Acquisition has been entered into as at the date of this announcement. The MOU may or may not lead to the signing of the Formal Agreement, which are subject to further negotiations between the Company and the Vendor. The Proposed Acquisition, if materializes, may constitute a notifiable transaction for the Company under the Listing Rules. The Company will make further announcement(s) as and when appropriate and comply with all other applicable requirements under the Listing Rules. As the Proposed Acquisition may or may not be materialised, Shareholders and potential investors are advised to exercise caution when dealing in the Shares and if there is any doubt about their positions, they should consult their professional advisers.

This announcement is made by the Company pursuant to Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rule 13.09 of the Listing Rules.

THE MOU

The Board is pleased to announce that after trading hours on 20 August 2015, the Company and the Vendor entered into the MOU in relation to the Proposed Acquisition. The terms set out in the MOU relating to the Proposed Acquisition are non-legally binding and are subject to further negotiation and the signing of the Formal Agreement.

The principal terms of the MOU are as follows:

Date : 20 August 2015

Parties : (1) the Company; and
(2) the Vendor.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

Intended assets to be acquired

Pursuant to the MOU, the Company intends to acquire, and the Vendor intends to sell, the Sale Shares and the Contribution subject to further negotiation and the signing of the Formal Agreement.

It is intended that upon completion of the Formal Agreement, the Target Company will have all rights and benefits of the Agreements which shall have been transferred or assigned by the Vendor to the Target Company. The Target Company will principally be engaged in the owning, trading and chartering of liftboats, which are capable of carrying equipments, supplies in support of various offshore oil and gas explorations and construction activities and working staffs.

Indicative consideration

Pursuant to the MOU, the indicative consideration for the Proposed Acquisition shall be US\$66.18 million (equivalent to approximately HK\$516.2 million) and shall be settled by stages, of which US\$25.8 million (equivalent to approximately HK\$201.24 million) shall be settled in cash and the balance of US\$40.38 million (equivalent to approximately HK\$314.96 million) shall be settled by the issue of Consideration Shares under the General Mandate by stages for five years between 2016 to 2020. The Board is of the view that balance of the General Mandate will be sufficient for the purpose.

Vendor's compensation undertaking and adjustment of consideration

Pursuant to the MOU, the Vendor agrees to compensate the Company if the net profit of the Target Company for the five years between 2016 to 2020 fails to reach a certain agreed amount on a dollar-to-dollar basis.

Conditions precedent

It is expected that the Formal Agreement shall contain the following conditions precedent which shall be satisfied before completion of the Proposed Acquisition:

- (i) the Company having procured its advisors to conduct due diligence exercises on the business, legal and financial matters of the Target Company and being reasonably satisfied with the results of such due diligence exercises;
- (ii) if required, the Shareholders having passed resolutions at an extraordinary general meeting of the Company to approve the Formal Agreement and the transactions contemplated thereunder, including the allotment and issue of the Consideration Shares;
- (iii) the Stock Exchange approving the listing of, and the permission to deal with, the Consideration Shares;
- (iv) the Vendor having completed the transfer or assignment of the Agreements to the Target Company; and
- (v) the Vendor having irrevocably granted to the Company the compensation undertaking above-mentioned.

Duration of the MOU

Parties to the MOU shall use the reasonable endeavour to negotiate and finalise the terms of the Formal Agreement on or before 21 September 2015 or such other later date(s) to be agreed by the parties to the MOU, failing which the MOU shall be terminated such date.

Exclusivity Period

The Vendor agrees with the Company that within the Exclusivity Period, the Vendor shall not initiate, negotiate, or accept any offer or inquiry or enter into any agreement or arrangement with any person other than the Company in relation to the Target Company and the Agreements.

Non-legally binding nature

The MOU is non-legally binding for provisions relating to the Proposed Acquisition, which shall be subject to the entering into of the Formal Agreement, save for provisions relating to the duration of the MOU, the Exclusivity Period, confidentiality and the governing law provisions of the MOU, which are legally binding.

REASONS FOR THE PROPOSED ACQUISITION

The Board believes that the Acquisition is in line with the development strategy of the Group and can create long-term and strategic interests for the Group, including but not limited to the followings:

- to closely collaborate with the upstream manufacturers in oil and gas industry chain by owning, trading and chartering of liftboats, thereby expanding and improving the Group's operational and financial flexibility;

- to diversify and expand all businesses in the industry chain and improve the overall competitiveness of the Group, so as to lay solid foundation for the Group to become the leading international oil and gas company in the future; and
- in view of the huge global demand for clean and renewable energy and the strong demand for liftboats in the global market, the Acquisition will also enable the Group to capture market opportunities and create value for the Shareholders.

INFORMATION OF THE COMPANY

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.

INFORMATION OF THE VENDOR

The Vendor is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding, as well as owning, trading and chartering of liftboats and other kinds of vessels.

WARNING NOTICE

The Company wishes to emphasize that no binding agreement in relation to the Possible Acquisition has been entered into as at the date of this announcement. The MOU may or may not lead to the signing of the Formal Agreement, which are subject to further negotiations between the Company and the Vendor. The Proposed Acquisition, if materializes, may constitute a notifiable transaction for the Company under the Listing Rules. The Company will make further announcement(s) as and when appropriate and comply with all other applicable requirements under the Listing Rules. As the Proposed Acquisition may or may not be materialised, Shareholders and potential investors are advised to exercise caution when dealing in the Shares and if there is any doubt about their positions, they should consult their professional advisers.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

“Agreements”	shipbuilding agreements and sale agreements entered into by the Vendor, and all other relevant agreements and documents in relation to the aforesaid shipbuilding agreements and sale agreements, which shall be transferred or assigned to the Target Company
“Board”	the board of Directors
“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 as defined in the Listing Rules

“Consideration Shares”	such number of new Shares to be allotted and issued by the Company to the Vendor to settle part of the consideration in relation to the Proposed Acquisition
“Contribution”	a sum of money made or to be made by the Vendor to the Target Company
“Director(s)”	director(s) of the Company
“Exclusivity Period”	from the date of the MOU to 21 September 2015 or such later date(s) to be agreed by the Company and the Vendor
“Formal Agreement”	the formal agreement to be entered into between the Company and the Vendor in relation to the Proposed Acquisition
“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 resolution approving the grant of the general mandate (being 5,302,801,915 Shares)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the memorandum of understanding dated 20 August 2015 entered into between the Company and the Vendor in relation to the Proposed Acquisition
“PRC”	The People’s Republic of China
“Proposed Acquisition”	the proposed acquisition of the Sale Shares and the Contribution by the Company from the Vendor as contemplated under the MOU, subject to the entering into of the Formal Agreement
“Sale Shares”	the shares representing the entire issued share capital of the Target Company
“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 Company”	a special purpose company for purpose of the Proposed Acquisition wholly owned by the Vendor, which is incorporated in the British Virgin Islands with limited liability
“US\$”	United States dollars, the lawful currency of United States of America

“Vendor” China Sunrise (Group) Co., Limited, a company incorporated in Hong Kong with limited liability

For the purpose of this announcement and illustration only, amounts denominated in US\$ have been translated into HK\$ at an exchange rate of US\$1:HK\$7.8. No representation is made that any amounts in US\$ and HK\$ can be or could have been converted at the relevant dates at the above rates or at any other rates.

By the order of the Board of
YUAN HENG GAS HOLDINGS LIMITED
Wang Jianqing
Chairman and Chief Executive Officer

Hong Kong, 20 August 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.