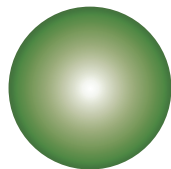


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元亨燃氣

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) ISSUE OF CONVERTIBLE BONDS UNDER GENERAL MANDATE
AND
(2) RESUMPTION OF TRADING**

On 21 September 2015, the Company and the CB Subscriber entered into the CB Subscription Agreement, pursuant to which the Company has conditionally agreed to issue, and the CB Subscriber has conditionally agreed to subscribe for, the Convertible Bond in the aggregate principal amount of USD10,000,000, equivalent to approximately HK\$78,000,000. Completion is subject to the fulfillment of all conditions set out in the paragraph headed “Conditions precedent” below. Detailed terms of the Convertible Bond are set out in the paragraph headed “Principal terms of the Convertible Bond” below.

As at the date of this announcement, the Company has a total of 5,302,801,915 Shares in issue. Assuming there is no further issue or repurchase of the Shares, based on the initial Conversion Price of HK\$0.65 per Conversion Share and assuming full conversion of the Convertible Bond at the initial Conversion Price, the Convertible Bond will be convertible into 120,000,000 Conversion Shares, representing approximately 2.26% of the existing issued share capital of the Company as at the date of this announcement and approximately 2.21% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares. The Conversion Shares will be allotted and issued pursuant to the General Mandate.

The proceeds from the issue of the Convertible Bond are intended to be used for general working capital of the Group and as funds for future development of the business of the Group.

No listing of the Convertible Bond will be sought on the Stock Exchange or any other stock exchanges. The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

Completion of the CB Subscription Agreement is subject to fulfillment of certain conditions. In addition, the CB Subscription Agreement may be terminated upon the occurrence of certain events. Please refer to the section headed “The CB Subscription Agreement” below for further information. As the CB Subscription Agreement may or may not be completed, Shareholders and prospective investors are reminded to exercise caution when dealing in the Shares.

Reference is made to the announcement of the Company dated 9 September 2015 in relation to non-legally binding memorandum of understanding entered into between the Company and the CB Subscriber in relation to the proposed subscription of the Convertible Bonds.

On 21 September 2015, and after the Company has separately entered into three Subscription Agreements of new Shares with three independent subscribers, details of which are set out in the Subscription Announcement, the Company and the CB Subscriber entered into the CB Subscription Agreement, pursuant to which the Company has conditionally agreed to issue, and the CB Subscriber has conditionally agreed to subscribe for, the Convertible Bond in the aggregate principal amount of USD10,000,000, equivalent to approximately HK\$78,000,000. Details of the CB Subscription Agreement and the terms of the Convertible Bond are described below.

THE CB SUBSCRIPTION AGREEMENT

Date

21 September 2015 (after trading hours)

Parties

Issuer: The Company

Subscriber: The CB Subscriber

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of the CB Subscription Agreement and the date of this announcement, the CB Subscriber and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

The CB Subscription

Subject to the fulfilment of the conditions precedent set out below, the CB Subscriber shall subscribe for, and the Company shall issue, the Convertible Bonds in the aggregate principal amount of USD10,000,000, equivalent to approximately HK\$78,000,000 and the said amount shall be satisfied in cash in USD.

Conditions precedent

Completion of the CB Subscription is conditional upon fulfilment (or waiver) of the following conditions before Long Stop Date:

- (a) the Stock Exchange having granted the listing of, and permission to deal in, the Conversion Shares;

- (b) the Company's warranties contained in the CB Subscription Agreement shall be true, correct and not misleading as at the date of the CB Subscription Agreement and the Completion Date;
- (c) there has been no occurrence of any event of default as set out in the bond instrument representing the Convertible Bonds;
- (d) there has been no material breach by the Company of any provision contained in the CB Subscription Agreement; and
- (e) the CB Subscriber receiving any other documents and legal opinion which is to be issued by the CB Subscriber's legal counsel in a form satisfactory to the CB Subscriber as the CB Subscriber may in its absolute discretion request for.

In the event such conditions are not fulfilled (or waived) by 5:00 p.m. on the Long Stop Date, the CB Subscriber shall have the right to terminate this Agreement with immediate effect by giving written notice to the Company, and each party's further rights and obligations under the CB Subscription Agreement cease immediately on termination.

Subject to the fulfillment (or waiver where the CB Subscriber may waive any condition other than (a)) of the above condition precedent, completion of the CB Subscription shall take place at the office of the Company within three Business Days after the fulfilment (or waiver) of the conditions precedent (or such other date as the Company and the CB Subscriber may agree in writing).

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

The principal terms of the Convertible Bonds were arrived at after arm's length negotiations between the Company and the CB Subscriber and are summarised as follows:

- | | |
|-------------------------------|---|
| Principal amount: | USD10,000,000 (equivalent to HK\$78,000,000) |
| Issue price: | 100% of the principal amount of the Convertible Bonds |
| Form and Denomination: | The Convertible Bonds are in registered form in denomination of USD1,000,000 each. |
| Interest rate: | An interest rate of 6% per annum from Issue Date thereof up to and including the day immediately preceding the Maturity Date at the Interest Rate, payable quarterly in arrears on the last day of each month of March, June, September and December and on the Maturity Date, provided that if any Interest Payment Date would otherwise fall on a day which is not a Business Day, the Interest Payment Date shall be postponed to the next Business Day. |
| | Interest shall accrue from the day to day and shall be calculated on the basis of the actual number of days elapsed in a year of 365 days, at the Interest Rate on the principal amount of the Convertible Bonds which may be outstanding from time to time. |
| Maturity date and redemption: | Unless previously converted, or cancelled, each Convertible Bond will be redeemed at 100% of the principal amount outstanding on the Maturity Date. |

Conversion period: The holder of each Convertible Bond shall have the right to convert such Convertible Bond into Conversion Shares, at any time commencing from the Issue Date and ending on the fifth (5th) Business Day prior to the Maturity Date unless the subject Convertible Bond is being transferred or a default redemption notice has been given to the Company.

Conversion price: The initial Conversion Price is HK\$0.65 per Conversion Share, which is subject to adjustment for subdivision or consolidation or re-classification of Shares, capitalisation of profits or reserves, capital distributions, rights issue, issue of securities for cash below market value, or issue of share by way of scrip dividend with market price greater than the cash dividend declared.

The initial Conversion Price represents:

- (i) a discount of approximately 7.14% to the closing price of HK\$0.70 per Share as quoted on the Stock Exchange on the date of the CB Subscription Agreement; and
- (ii) a discount of approximately 2.4% to the average closing price of HK\$0.666 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately preceding the date of the CB Subscription Agreement.

The Conversion Price of the Conversion Shares was determined after arm's length negotiations between the Company and the CB Subscriber with reference to the recent market prices and performance of the Shares, the historical financial performance and the business prospects of the Group and the current market conditions.

The Directors (including the independent non-executive Directors) are of the opinion that the Conversion Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Event of default: If any of the following events occurs, a Bondholder may give notice in writing to the Company that the principal amount of the Convertible Bonds then outstanding has, on the giving of such notice, become immediately due and payable, whereupon the outstanding principal amount of the Convertible Bonds shall become immediately due and payable in an amount which is 100% of the principal amount of the Convertible Bonds then outstanding:

- (a) the listing of the Shares (as a class) on the Stock Exchange ceases;
or

- (b) the Company defaults in performance or observance or compliance with any of its material obligations contained in the Convertible Bond and such default continues for a period of fifteen (15) Business Days next following after service by a Bondholder holding, or Bondholders together holding, at least 51% of the then outstanding principal amount of the Bonds, of notice requiring such default to be remedied; or
- (c) the Company fails to pay the principal when due or the Company fails to pay interest on the Convertible Bond when due unless non-payment of such interest is due solely to administrative or technical error and payment is made within five (5) Business Days of the due date thereof or the Company fails to issue the Conversion Shares in accordance the CB Subscription Agreement; or
- (d) an encumbrancer takes possession (whether by way of distress, attachment, execution, seizure before or after judgment or by other legal process) or a receiver, manager or other similar officer is appointed of the whole or any material part of the undertaking, property, assets or revenues of the Company and is not discharged, paid out, withdrawn or remedied within thirty (30) Business Days; or
- (e) the Company becomes insolvent or is unable to pay its debts as they mature or applies for or consents to or suffers the appointment of any administrator, liquidator or receiver of the Company or any of its major subsidiaries or the whole or any material part of the undertaking, property, assets or revenues of the Company or any of its major subsidiaries or takes any proceeding under any law for a readjustment or deferment of its obligations or any part of them or makes or enters into a general assignment or compromise with or for the benefit of its creditors; or
- (f) an order is made or an effective resolution passed for winding-up of the Company, except in the case of winding up of such subsidiaries in the course of reorganization; or
- (g) trading in the Shares on the Stock Exchange being suspended for more than 20 consecutive trading days or more than 60 trading days in any period of 12 months other than being suspended for clearing any announcement or circular for Chapters 14 and 14A of the Listing Rules or for matters relating to the Takeovers Code.

- Status of the Convertible Bond: Each Convertible Bond constitutes a direct unconditional, unsubordinated and unsecured obligations of the Company and at all times ranks *pari passu* and rateably without preference equally with all other unsecured and unsubordinated obligations of the Company. The payment obligations of the Company under the Convertible Bonds shall, save for such exceptions as may be provided by applicable legislation, rank at least equally with all its other present and future unsecured and unsubordinated obligations.
- Conversion Shares: Based on the initial Conversion Price of HK\$0.65 per Conversion Share, a maximum number of 120,000,000 Conversion Shares may be allotted and issued upon exercise of the conversion rights attached to the Convertible Bond in full, which represent:
- (i) approximately 2.26% of the existing issued share capital of the Company as at the date hereof; and
 - (ii) approximately 2.21% of the issued share capital as enlarged by the allotment and issue of the Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds in full (assuming that there is no other change in the share capital structure the Company).
- Ranking of Conversion Shares: The Conversion Shares allotted and issued on conversion will be fully paid and will rank *pari passu* in all respects with, and within the same class as, the Shares in issue on the Registration Date, except that the Conversion Shares so allotted will not rank for any dividend or other distribution declared or paid or made by reference to a record date for the payment of a dividend or other distribution with respect to the Shares on or prior to the Registration Date in respect of the Convertible Bonds converted into such Conversion Shares.
- Listing: No application will be made for the listing of, or permission to deal in, the Convertible Bond on the Stock Exchange or any other stock exchange.
- Settlement currency: All payments due under, and all claims arising out of or pursuant to the Convertible Bonds from or against the Company shall be payable and settled in USD only.

GENERAL MANDATE TO ISSUE THE CONVERSION SHARES

The Conversion Shares will be issued pursuant to the General Mandate. Immediately prior to entering into the CB Subscription Agreement, and under the General Mandate, the Directors are authorized to allot, issue and deal with up to 20% (being 1,060,560,383 Shares) of the then issued share capital of the Company (being 5,302,801,915 Shares). Up to end of 21 September 2015, 34,102,724 Shares under the General Mandate have been earmarked under the acquisition by the Group as disclosed in the announcement dated 21 April 2015 but have not yet been issued, a total of 380,833,333 Shares have also been earmarked under three shares subscription agreements all entered into by the Company with three independent subscribers on 21 September 2015 (details are set out in the Share Subscription Announcement) before the CB Subscriber have entered into the CB Subscription Agreement, and another 524,940,000 Shares have also been earmarked under an acquisition agreement entered into by the Company also on 21 September 2015 (details are set out in the Disclosable Transaction Announcement) and the remaining 120,684,326 under the General Mandate has been earmarked for the allotment and issue of the Conversion Shares upon exercise of the conversion right under the Convertible Bonds, which will be sufficient for the purpose. Accordingly, the CB Subscription Agreement and the allotment and issue of Conversion Shares are not subject to any Shareholders' approval.

REASONS FOR THE ISSUE OF THE CONVERTIBLE BONDS AND USE OF PROCEEDS

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

The proceeds from the issue of the Convertible Bond are intended to be used for general working capital of the Group and as funds for future development of the business of the Group.

The Directors are of the view that the issue of the Convertible Bond, if materialises, will represent a good opportunity for the Company to raise funds to strengthen its financial position as well as to provide further funding to the Group for its development since the issue of the Convertible Bond will provide the Company with immediate funding without resulting in immediate dilution effect on the shareholding of the existing Shareholders.

Based on the above, the Directors consider that the terms of the CB Subscription Agreement (including the Conversion Price), which were arrived at after arm's length negotiations between the Company and the CB Subscriber, are fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE CB SUBSCRIBER

The CB Subscriber, namely Kylin Offshore Engineering Pte Ltd, is a company incorporated in Singapore with limited liability which is owned as to 70% by CSSC (Hong Kong) Shipping Company Limited and as to 30% by Titan Oil Pte Ltd. It is principally engaged in investing the offshore support vessel and drilling rig sectors, offering additional resources for ship financing and shipbuilding via CSSC, managing and operating offshore units.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

For illustrative purposes, the table below set out the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the allotment of subscription Shares under the share subscription as set out in the Share Subscription Announcement; (iii) immediately after issuance of all the consideration shares in relation to acquisition of the entire equity interest in Billion Fortune Developments Limited (please refer to the Disclosable Transaction Announcement for details); and (iv) immediately after the full conversion of the Convertible Bond at the initial Conversion Price of HK\$0.65.

Names of Shareholders	As at the date of this announcement		Immediately after the allotment of subscription Shares under the share subscription as set out in the Share Subscription Announcement		Immediately after completion of and issue of all consideration Shares under the acquisition as per the Disclosable Transaction Announcement		Immediately after the full conversion of the Convertible Bond at the initial Conversion Price of HK\$0.65	
	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %
Names of Shareholders								
Champion Ever Limited (Note 1)	2,656,464,436	50.10%	2,656,464,436	46.74%	2,656,464,436	42.79%	2,656,464,436	41.98%
Galaxy King Limited (Note 1)	586,486,402	11.06%	586,486,402	10.32%	586,486,402	9.45%	586,486,402	9.27%
Champion Golden Limited (Note 1)	50,017,949	0.94%	50,017,949	0.88%	50,017,949	0.81%	50,017,949	0.79%
Bao Jun (Note 2)	45,000,000	0.85%	45,000,000	0.79%	45,000,000	0.72%	45,000,000	0.71%
<i>Public Shareholders:</i>								
Share subscribers	—	—	380,833,333	6.70%	380,833,333	6.13%	380,833,333	6.02%
Vendor	—	—	—	—	524,940,000	8.46%	524,940,000	8.29%
CB Subscriber	—	—	—	—	—	—	120,000,000	1.90%
Other public Shareholders	<u>1,964,833,128</u>	<u>37.05%</u>	<u>1,964,833,128</u>	<u>34.57%</u>	<u>1,964,833,128</u>	<u>31.65%</u>	<u>1,964,833,128</u>	<u>31.05%</u>
Total	<u>5,302,801,915</u>	<u>100.00%</u>	<u>5,683,635,248</u>	<u>100.00%</u>	<u>6,208,575,248</u>	<u>100.00%</u>	<u>6,328,575,248</u>	<u>100.00%</u>

Notes:

- Mr. Wang Jianqing, Chairman and Chief Executive Officer of the Company, was deemed interested in, and duplicated, the 50,017,949 Shares which Champion Golden Limited was interested, the 2,656,464,436 Shares which Champion Ever Limited was interested and the 586,486,402 Shares which Galaxy King Limited was interested. Mr. Wang has 50% voting rights in Champion Golden Limited. Both Champion Ever Limited and Galaxy King Limited are wholly owned by Mr. Wang.
- Mr. Bao Jun is an executive Director.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company has not conducted any fund raising activities in the past twelve months immediately prior to the date of this announcement.

During the past 12 months immediately preceding the date of this announcement, the Company has agreed to allot and issue 380,833,333 Shares under the share subscription as set out in the Share Subscription Announcement, and the net proceeds of share subscription are estimated to be approximately HK\$228.5 million, which the Company intends to use as general working capital of the Group. As at the date of this announcement, the share subscription under the Share Subscription Announcement has not yet completed.

PUBLIC FLOAT

The Company will monitor closely and will ensure that it maintains the minimum public float percentage as prescribed under the Listing Rules from time to time. The Company's public float will not fall below the minimum prescribed percentage under the Listing Rules upon the conversion of the Convertible Bond.

GENERAL

No application will be made by the Company to the Stock Exchange for listing of the Convertible Bonds. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange.

WARNING NOTICE

Completion of the CB Subscription Agreement is subject to fulfillment of the conditions precedent. As the CB Subscription Agreement may or may not be completed, Shareholders and prospective investors are reminded to exercise caution when dealing in the Shares.

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 Monday, 22 September 2015 pending the release of this announcement and the Discloseable Transaction Announcement, which is inside information of the Company.

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 23 September 2015.

DEFINITIONS

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

“Bondholder”	holder(s) of a Convertible Bonds
“Business Day”	any day (excluding a Saturday, Sunday and public holiday) on which commercial banks generally are open for business in Hong Kong
“CB Subscriber”	Kylin Offshore Engineering Pte Ltd, a company incorporated in Singapore with limited liability
“CB Subscription”	the subscription of the Convertible Bonds pursuant to the CB Subscription Agreement
“CB Subscription Agreement”	the subscription agreement dated 21 September 2015 entered into between the Company and the CB Subscriber in relation to the subscription of Convertible Bonds
“Certificate”	the certificates (in registered forms) given under the seal of the Company evidencing the title of the Bondholder(s) to the Convertible Bond(s)

“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
“Completion”	completion of the CB Subscription
“Completion Date”	any day falling within three Business Days after the fulfilment of the conditions precedent of the CB Subscription Agreement or such other date as the Company and the CB Subscriber may agree in writing
“connected person”	has the meaning ascribed to it under Chapter 14A of the Listing Rules
“Conversion Price”	the conversion price per Conversion Share, initially being HK\$0.65 (subject to adjustment)
“Conversion Shares”	the Shares to be allotted and issued by the Company upon the exercise of the conversion right attached to the Convertible Bonds
“Convertible Bonds	the convertible bonds in the aggregate principal amount of USD10,000,000 bearing an interest rate of 6% per annum which is unsecured proposed to be issued by the Company to the CB Subscriber pursuant to the CB Subscription Agreement
“Directors”	directors of the Company
“Discloseable Transaction Announcement”	the announcement dated 22 September 2015 of the Company relating to the discloseable transaction involving issue of consideration shares in relation to the acquisition agreement dated 21 September 2015
“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
“HK dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Interest Payment Date”	interest payable quarterly in arrears on the last day of each month of March, June, September and December and on the Maturity Date;
“Interest Rate”	6% per annum
“Issue Date”	the date of issue of the bond instrument representing the Convertible Bonds by the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LNG”	liquefied natural gas

“Long Stop Date”	5 October 2015 or such later date as the Company and the CB Subscriber may agree in writing
“Maturity Date”	in respect of each Convertible Bond, the date falling on the twenty-four months from the Issue Date (both dates inclusive)
“PRC”	The People’s Republic of China
“Register”	the register of Bondholders as maintained by the Company
“Registration Date”	the date on which the person or persons specified in the Conversion Notice is or are registered as the holder(s) on record of the number of Conversion Shares issuable upon conversion in the register of members of the Company
“Shareholders”	holders of Shares
“Shares”	ordinary shares in the Company of HK\$0.10 each
“Share Subscription Announcement”	the announcement dated 21 September 2015 of the Company relating to the share subscription under General Mandate
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“USD”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

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.

On behalf of the Board
Yuan Heng Gas Holdings Limited
Wang Jianqing
Chairman and Chief Executive Officer

Hong Kong, 22 September 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.