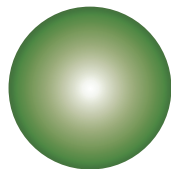


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元亨燃氣

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)

THIRD SUPPLEMENTAL AGREEMENT RELATING TO

(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; AND

**(2) CONNECTED TRANSACTION WITH CONNECTED PERSON AT
SUBSIDIARY LEVEL**

On 30 November 2015, Seller A, Seller B, Purchaser C and Purchaser D entered into the Third Supplemental Agreement and have agreed to revise and amend one of the conditions precedent and the long stop date under the Agreement, and that the Capital Increase shall not be proceeded anymore and all provisions relating to the Capital Increase shall be terminated and discharged.

Reference is made to the announcements of Yuan Heng Gas Holdings Limited (the “**Company**”) dated 21 April 2015, 2 July 2015 and 30 September 2015 (the “**Announcements**”) in relation to the acquisition of an aggregate 50% interests in the Target, Guizhou Gas (Group) Xishui Jinqiao Gas Co., Limited. Unless otherwise defined, capitalised terms used in this announcement have the same meanings as defined in the Announcements.

As disclosed in the announcement dated 21 April 2015, the Agreement was divided into two parts, the first of which relates to the Acquisition (which is a share transaction), and the second of which relates to the Capital Increase (which is a connected transaction with a connected person at subsidiary level).

TERMS OF THE THIRD SUPPLEMENTAL AGREEMENT

On 30 November 2015, Seller A, Seller B, Purchaser C and Purchaser D entered into a supplemental agreement (the “**Third Supplemental Agreement**”), pursuant to which the parties have agreed:

Part 1 — Share transaction

- (a) to remove the obtaining of the outstanding land use right permit for a piece of side slope land and the title certificate for office building of the Target as one of the conditions precedent, such that after the revision, the 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 for the operations of 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.
- (b) to revise and amend the timing for payment of the fourth stage payment of the consideration as follows:

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 RMB335,000 shall be payable by Purchaser D to Seller A in cash within 10 business days upon the Target obtaining the outstanding permits for the operations of the Target where such permits shall be obtained before 30 June 2016.

- (c) to extend the specified time set out in the Agreement (as extended by the First Supplemental Agreement and the Second Supplemental Agreement) for fulfilment of the conditions precedent and the respective time limits for making the second stage payment and the fourth stage payment from 31 December 2015 to 30 June 2016.
- (d) that Seller B undertakes to the other parties to the Agreement that it shall reasonably procure the Target to obtain the outstanding land use right permit for a piece of side slope land and the title certificate for office building of the Target and it shall be responsible for all possible penalties and late charges that may be incurred by the Target, and shall indemnify the Target for all (direct or indirect) litigation, proceedings, claims and demands relating to the obtaining of such outstanding permits and the damages, losses, costs and expenses resulted therefrom.

Part 2 — Connected transaction with connected person at subsidiary level

- (e) that the Capital Increase shall not proceed anymore and all provisions relating to the Capital Increase shall be terminated and discharged, and that Seller A, Purchaser C and Purchaser D shall not transfer their respective shareholding interests in the Target after completion of the Acquisition into Huaheng Energy.

Save and except for the aforesaid amendments and revisions, all other terms and conditions of the Agreement (as supplemented by the First Supplemental Agreement and the Second Supplemental Agreement) shall remain unchanged and continue to be in full force and effect.

The Directors confirm that the above condition precedent (2) relating to the Acquisition is not required. As at the date of this announcement, as to the above condition precedent (1), the transfer and registration of the aggregate 50% interests in the Target have been completed, and part of the Outstanding Approval has been obtained. Thus, according to the Agreement (as supplemented by the First Supplemental Agreement and the Second Supplemental Agreement), the requirement for making the first stage payment and the third stage payment of the consideration have been satisfied and accordingly such payments have been paid to Seller A and Seller B respectively.

Although there shall be no change in the number of Consideration Shares to be issued under the Agreement, the Consideration Shares will be issued by the Company utilising the existing general mandate granted to the Directors by the Shareholders at the annual general meeting held on 22 September 2015 (“**2015 General Mandate**”), among other things, 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). Up to the date of this announcement:

- a. a total of 120,000,000 Shares under the 2015 General Mandate have been earmarked under the subscription agreement dated 21 September 2015 (as supplemented by the supplemental agreements dated 6 October 2015 and 9 October 2015) in relation to the subscription of the convertible bonds in the aggregate principal amount of USD10,000,000; and
- b. 34,102,724 out of the remaining 940,560,383 Shares under the 2015 General Mandate has been earmarked for the allotment and issue of the Consideration Shares for the Acquisition, which will be sufficient for the purpose; thereafter there will be 906,457,659 Shares remaining available for use under the 2015 General Mandate.

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) a discount of about 10.44% to the closing price of HK\$0.67 per Share as quoted on the Stock Exchange on 27 November 2015; and
- (b) a discount of about 12.02% to the average closing price of HK\$0.682 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 27 November 2015.

The 34,102,724 Consideration Shares represent about 0.600% 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 0.596% 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.

REASONS FOR ENTERING INTO THE THIRD SUPPLEMENTAL AGREEMENT

Since the entering into the Agreement, the Target has been working to obtain the Outstanding Approval and the Outstanding Permits, and to enter into the Outstanding Franchise Agreement. However, up to the date of the Third Supplemental Agreement, not all Outstanding Approval and the Outstanding Permits have been obtained and the Outstanding Franchise Agreement has yet to be executed. In view of and having considered:

- (i) additional time required to obtain all Outstanding Approval and the Outstanding Permits and the entering of the Outstanding Franchise Agreement;
- (ii) the undertaking by Seller B under the Third Supplemental Agreement to reasonably procure the receipt of the outstanding land use right permit for the piece of side slope land and the title certificate for office building of the Target; and
- (iii) the legal opinion from PRC legal advisor confirming that the absence of the aforesaid outstanding land use permit and title certificate will not adversely affect the business and operations of the Target;

the Company agrees to the amendments and revisions of the relevant conditions precedent.

In addition, as Seller A is principally engaged in the construction of gas transmission and distribution facilities as well as the transportation of pipeline natural gas in the Guizhou province, it would be more effective and efficient for Seller A to consolidate and allocate natural gas supply, manage relevant costs, and make arrangements in relation to the Target's daily operations. Accordingly, the Parties agree that the Capital Increase (following which the Target would become a non-wholly owned subsidiary of the Company) is not necessary and shall be excluded. As a result, under the revised terms of the Third Supplemental Agreement, the Target will become an associate company (instead of a non-wholly owned subsidiary) of the Company immediately after completion of the Acquisition taking into consideration, among other matters, board composition of the Target and that Seller A will be responsible for managing the operation of the Target.

As previously set out in the announcement of the Company dated 21 April 2015, completion of the Acquisition is expected to create synergies for the Target and the Group. The Company and Seller A have been, and will continue the strategic cooperation in developing the business operation of the Target. Since the Target is an associate of Seller A, which is a connected person of the Company at subsidiary level, the Company will comply with all requirements of the Listing Rules if and when any agreement or transaction is entered into between any member of our Group on the one hand and the Target (including Seller A and its associates) on the other hand which may constitute connected transactions or notifiable transactions. At present, no agreement has been entered into or will be entered into between any member of the Group and the Target upon completion of the Acquisition.

The Board considers that the amendments and revisions to the Agreement as set out in the Third Supplemental Agreement are in the interest of the Company and the Shareholders as a whole as more time is required in obtaining the Outstanding Approval and the Outstanding Permits of the Target, and the signing of the Outstanding Franchise Agreement by the Target.

LISTING RULES IMPLICATIONS

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 revised terms under the Third Supplemental Agreement relating to the sale of the 49% interest by Seller B to Purchaser C remains 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 remains 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.

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

Hong Kong, 30 November 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.