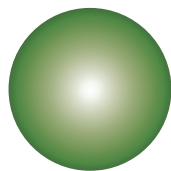


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元亨燃氣

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)

**VOLUNTARY ANNOUNCEMENT
ACQUISITION OF 34.5% EQUITY INTEREST IN
LU DONG WATER TRANSPORT CO LIMITED**

The Board is pleased to announce that on 30 December 2016 (after trading hours), Guangzhou Yuanheng, a wholly-owned subsidiary of the Company entered into the Agreement with the Seller, Mr. Zhang, Shanghai Xianghao, Harbin Hachuan, Wuxi Weichai, Shanghai Ninua and the Target in respect of the Acquisition.

Pursuant to the Agreement, the Seller has conditionally agreed to sell and Guangzhou Yuanheng has conditionally agreed to purchase 34.5% equity interest in the Target.

Upon completion of the Acquisition, the Target will become an associate of the Company.

The entering into of the Agreement does not constitute any notifiable transaction or connected transaction of the Company under Chapter 14 and Chapter 14A of the Listing Rules. The Company is publishing this announcement on a voluntary basis.

The Board is pleased to announce that on 30 December 2016 (after trading hours), Guangzhou Yuanheng, a wholly-owned subsidiary of the Company entered into the Agreement with the Seller, Mr. Zhang, Shanghai Xianghao, Harbin Hachuan, Wuxi Weichai, Shanghai Ninua and the Target in respect of the Acquisition.

THE AGREEMENT

Date

30 December 2016

Parties to the Agreement

1. Guangzhou Yuanheng as the purchaser;
2. the Seller as the seller and a shareholder of the Target;
3. Mr. Zhang as the guarantor for the Seller;
4. Shanghai Xianghao, Harbin Hachuan, Wuxi Weichai, and Shanghai Ninua, being the other shareholders of the Target; and
5. the Target.

Each of the Seller, Mr. Zhang, Shanghai Xianghao, Harbin Hachuan, Wuxi Weichai and Shanghai Ninua (and each of their respective beneficial owner(s)), and the Target is an Independent Third Party. The Agreement is legally binding on all parties to the Agreement.

Assets to be acquired

As at the date of the Agreement, the Seller holds 37.5% equity interest in the Target.

Pursuant to the Agreement, the Seller has conditionally agreed to sell and Guangzhou Yuanheng has conditionally agreed to purchase 34.5% equity interest in the Target. The remaining 3% equity interest in the Target now holds by the Seller shall continue to be held by the Seller and the Seller remains as a shareholder of the Target after the completion of the Acquisition.

Consideration

The consideration for the sale and purchase of the 34.5% equity interest in the Target is RMB one dollar, which shall be paid by Guangzhou Yuanheng to the Seller within three business days from the date of the Agreement in cash.

Since Guangzhou Yuanheng shall pay the capital contribution to the Target for the 34.5% equity interest in the Target in accordance with the terms of the Agreement, the Seller and Guangzhou Yuanheng agreed that the consideration should be the nominal fee of RMB one dollar.

Completion

The Acquisition shall be completed when the registration of Guangzhou Yuanheng as a shareholder of the Target holding 34.5% equity interest in the Target is completed, which shall be within five business days following the day on which Guangzhou Yuanheng paid the first instalment capital contribution to the Target pursuant to the terms of the Agreement.

Upon completion of the Acquisition, Guangzhou Yuanheng will become the single largest shareholder of the Target and the Target will become an associate of the Company.

Contribution of registered capital and rights to nominate directors of the Target

As at the date of the Agreement, each of Shanghai Xianghao, Harbin Hachuan, Wuxi Weichai and Shanghai Ninua has made their committed capital contribution to the Target, while the Seller has paid RMB3 million as its capital contribution to the Target.

Guangzhou Yuanheng shall pay by two instalments an aggregate of RMB34.5 million to the Target as its committed capital contribution to the Target:

- (i) the first instalment capital contribution in the sum of RMB10.35 million shall be paid to the Target within 10 business days after the satisfaction of the Conditions Precedent; and
- (ii) the second and last instalment capital contribution in the sum of RMB24.15 million shall be paid to the Target within 10 business days after the business registration of the Target has been updated and showing Guangzhou Yuanheng is holding 34.5% equity interest in the Target.

If the registration procedures of Guangzhou Yuanheng as a shareholder of the Target holding 34.5% equity interest could not be completed within five business days after Guangzhou Yuanheng has paid the first instalment capital contribution in the sum of RMB10.35 million to the Target, the Target should within three business days thereafter refund the sum of RMB10.35 million to Guangzhou Yuanheng, and each of Mr. Zhang, the Seller, Shanghai Xianghao, Harbin Hachuan, Wuxi Weichai and Shanghai Ninua shall be jointly and severally liable for such re-payment obligations of the Target in favour of Guangzhou Yuanheng.

Moreover, Guangzhou Yuanheng shall have the right to nominate three directors out of nine directors to the Target and recommend the general manager and finance manager to the Target.

The capital contributions by each of Guangzhou Yuanheng, the Seller, Shanghai Xianghao, Harbin Hachuan, Wuxi Weichai and Shanghai Ninua after the completion of the Acquisition shall represent its pro rata equity interest in the Target.

Conditions Precedent

The payment of the first instalment capital contribution in the sum of RMB10.35 million to the Target by Guangzhou Yuanheng is conditional upon the satisfaction of the following conditions precedent:

1. within 5 days from the date of the Agreement, the Seller, Shanghai Xianghao, Harbin Hachuan, Wuxi Weichai and Shanghai Ninua shall pass a shareholders' resolution of the Target approving the Acquisition and each of Shanghai Xianghao, Harbin Hachuan, Wuxi Weichai and Shanghai Ninua shall waive their pre-emptive rights to acquire the subject 34.5% equity interest in the Target, if any;
2. within 30 days from the date of the Agreement, the government subsidies of two vessels of the Target shall be deposited into the accounts of the Target; and
3. within 10 days from the date of the Agreement, Guangzhou Yuanheng, the Target and the Seller shall make the necessary application(s) to the relevant government authorities for the Acquisition according to the PRC laws and regulations, and shall have obtained the requisite written consent and/or approval from the relevant government authorities.

If any of the Conditions Precedent is not satisfied within the respective prescribed period or if the relevant government authorities did not approve the Acquisition, Guangzhou Yuanheng shall be entitled to terminate the Agreement by written notice to the other parties to the Agreement, and after refund of any money paid by Guangzhou Yuanheng under the Agreement, the Agreement shall cease and determine and neither party shall have any obligations and liabilities.

Information of the Target

The Target is a company established in November 2014 under the laws of the PRC with registered capital of RMB100 million. It is principally engaged in transportation of construction muck in Shanghai, the PRC.

Upon completion of the Acquisition, the shareholding structure of the Target is as follows:

Parties	Capital contribution	Interest in the Target
Harbin Hachuan	RMB20,000,000	20%
Shanghai Ninua	RMB10,000,000	10%
Shanghai Xianghao	RMB22,500,000	22.5%
Guangzhou Yuanheng	RMB34,500,000	34.5%
Wuxi Weichai	RMB10,000,000	10%
The Seller	RMB3,000,000	3%

Put Option

After completion of the Acquisition, if the Target fails (and/or the other parties to the Agreement fail to procure the Target) to obtain certain subsidies or guarantee as provided under the Agreement, Guangzhou Yuanheng shall be entitled to request the Seller to re-purchase from Guangzhou Yuanheng the 34.5% equity interest in the Target at the price of RMB34.5 million with interest at the rate of 15% per annum from the date of payment of capital contribution to the Target by Guangzhou Yuanheng.

Each of Mr. Zhang, Shanghai Xianghao, Harbin Hachuan, Wuxi Weichai and Shanghai Ninua shall be jointly and severally liable for the repurchase obligations of the Seller in favour of Guangzhou Yuanheng.

REASONS FOR ENTERING INTO THE AGREEMENT

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.

Given the policies in respect of the control of emission by marine sector in designated areas have becoming more stringent, the Target intends to build up a comprehensive green transportation system by using LNG only for its transportation of construction muck business in Shanghai, which may involve approximately 200 LNG-powered ships and 160 LNG-powered

vehicles. The Target has been designated by Shanghai Municipal Transportation Commission as one of the companies to implement the “Shanghai Green Port Three-year Action Plan (2015-2017)”. The Board is of the view that after the Target has obtained stable business operations, it would bring about considerable economic and social benefits to the Group. In addition, such business operation model of the Target could also be promoted in other major cities along coastlines and riversides in the PRC.

The Board considers that the terms of the Agreement are fair and reasonable and the Acquisition is in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

The entering into of the Agreement does not constitute any notifiable transaction or connected transaction of the Company under Chapter 14 and Chapter 14A of the Listing Rules. The Company is publishing this announcement on a voluntary basis.

Shareholders and potential investors of the Company should note that the completion of the Acquisition is subject to the conditions precedent to be fulfilled and therefore, may or may not take place. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Acquisition”	the transfer of an aggregate 34.5% equity interests in the Target by the Seller to Guangzhou Yuanheng
“Agreement”	the agreement dated 30 December 2016 and entered into between Guangzhou Yuanheng, the Seller, Mr. Zhang, Shanghai Xianghao, Harbin Hachuan, Wuxi Weichai, Shanghai Ninua and the Target regarding the sale and purchase of 34.5% equity interest in the Target
“associate”	has the meaning ascribed to it under Chapter 14A of the Listing Rules
“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

“Conditions Precedent”	the conditions precedent to the payment of the first instalment capital contribution in the sum of RMB10.35 million to the Target by Guangzhou Yuanheng pursuant to the terms of the Agreement
“connected person”	has the meaning ascribed to it under Chapter 14A of the Listing Rules
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Guangzhou Yuanheng”	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
“Harbin Hachuan”	哈爾濱哈船動力技術有限責任公司 (Harbin Hachuan Power Technology Limited Liability Company*), a company established under the laws of the PRC, which is owned as to 36.4%, 35.7%, 16.3%, 9.5% and 2.1% respectively by 派芬自控(上海)股份有限公司 (Shanghai Pai-Fin Automatic Control Technology Co., Ltd*), 黑龍江省大正投資集團有限責任公司 (Dazheng Investment Group Limited Liability Company*), 哈爾濱工程大學科技園發展有限公司 (National Science Park of Harbin Engineering University Co., Ltd*), 寶力股權投資有限公司 (Poly Stock Equity Investment Co. Ltd*) and Ma Xiuzhen
“Independent Third Party”	any person or company and their respective ultimate beneficial owner, to the best of the Director’s knowledge, information and belief having made all reasonable enquiries, is third party independent of the Company and connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LNG”	liquefied natural gas
“Mr. Zhang”	張衛國 (Mr. Zhang Weiguo), the legal representative of the Seller and the guarantor for the punctual and full performance of all obligations of the Seller under the Agreement

“PRC”	The People’s Republic of China
“Seller”	上海優迎投資管理有限公司 (Shanghai You Ying Investment Management Co*), a company established under the laws of the PRC, which is owned as to 53.6% by Mr. Zhang and 46.6% by Shanghai Xianghao
“Shanghai Niuna”	上海紐納土石方工程有限公司 (Shanghai Niuna Earthwork Engineering Co Ltd*), a company established under the laws of the PRC, which is owned as to 44%, 34%, 12% and 10% respectively by Mr. Zhang, Qian Yun, Shi Guoliang and Yuan Shaoguo
“Shanghai Xianghao”	上海項昊實業有限公司 (Shanghai Xianghao Industrial Co Ltd*) a company established under the laws of the PRC, which is owned as to 70% and 30% by Mr. Zhang and Qian Yun respectively
“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”	綠動水上運輸有限公司 (Lu Dong Water Transport Co Limited*), a company established under the laws of the PRC, and before completion of the Acquisition, is owned as to 37.5% by the Seller, 20% by Harbin Hachuan, 10% by Shanghai Niuna, 22.5% by Shanghai Xianghao, and 10% by Wuxi Weichai
“Wuxi Weichai”	無錫濰柴產品銷售服務有限公司 (Wuxi Weichai Products Sales and Services Co Ltd*), a company established under the laws of the PRC, which is owned as to 60% and 40% respectively by Wu Jianxin and Shen Yafen

For and on behalf of the Board
Yuan Heng Gas Holdings Limited
Wan Oi Ming Kevin
Company Secretary

Hong Kong, 6 January 2017

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 purposes only*