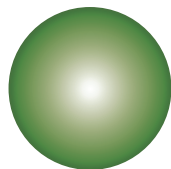


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元亨燃氣

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) CONTINUING CONNECTED TRANSACTIONS  
UNDER FRAMEWORK AGREEMENTS, AND  
(2) DISCONTINUANCE OF THE EMS BUSINESS**

**I. CONTINUING CONNECTED TRANSACTION**

On 4 September 2014, the Company entered into the GG Supply Agreement, the GG Purchase Agreement and the JR Supply Agreement in respect of the sale and purchase of natural gas and LNG with the GG Group and JS Runfu respectively. Also on 4 September 2014, Huaheng Energy entered into GG Procurement Agreement and GG Construction Agreement in respect of the purchase of pipes, tools and material and the laying and installation of pipelines and the construction of liquefaction facilities with GG Material and GG Construction respectively.

As the GG Supply Agreement, the GG Purchase Agreement, the GG Procurement Agreement and the GG Construction Agreement respectively are entered into between an indirect wholly-owned subsidiary of the Company (namely Yuanheng Gas or Huaheng Energy) for and on behalf of the members of the Group and a connected person of the Company at the subsidiary level only (namely Guizhou Gas, GG Constructor and GG Material) for and on behalf of the members of GG Group on normal commercial terms or better, the Company is required to comply with the reporting and announcement requirements but is exempted from the circular, (including independent financial advice) and independent shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

As the annual caps under the JR Supply Agreement, calculated on an annual basis, does not exceed 5% of the relevant percentage ratios but exceeds HK\$10,000,000, the Company is required to comply with the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Rule 14A.76 of Chapter 14A of the Listing Rules.

The Directors have confirmed and considered that the transactions contemplated under each of the GG Supply Agreement, the GG Purchase Agreement, the GG Procurement Agreement and the GG Construction Agreement have been subject to arm's length negotiation between the Group and the relevant parties, and have been entered into by the Group in the ordinary and usual course of business and on normal commercial terms or better and which are no less favourable to the Group than those available to or from independent third parties and are of the view that the transactions contemplated under each of the GG Supply Agreement, the GG Purchase Agreement, the GG Procurement Agreement and the GG Construction Agreement and the respective proposed annual caps for each of the three years ending 31 March 2017 are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors (including the independent non-executive Directors) have confirmed and considered that the transactions contemplated under the JR Supply Agreement have been subject to arm's length negotiation between the Group and the relevant parties, and have been entered into by the Group in the ordinary and usual course of business and on normal commercial terms or better and which are no less favourable to the Group than those available to or from independent third parties and are of the view that the transactions contemplated under the JR Supply Agreement and its annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **II. DISCONTINUANCE OF THE EMS BUSINESS**

The Board has decided it would be in the best interests of the Company and the Shareholders that the Group shall principally focus on the trading of oil and gas products where the Group has made significant investments in. In order to streamline the Group's business operations and to control the operating costs of the Group, the Board has resolved to discontinue the EMS Business of the Group.

## **I. CONTINUING CONNECTED TRANSACTIONS**

### **INTRODUCTION**

Reference is made to the announcements of the Company dated 28 October 2013, 17 March 2014 and 16 May 2014 and the circular of the Company dated 15 April 2014 in relation to, among other things, the acquisition by the Company the entire issued share capital of UHL and the post completion continuing connected transactions of the Group.

On 16 May 2014, the Company completed the acquisition of the entire issued share capital of UHL, and it has become an indirectly wholly-owned subsidiary of the Company.

As previously disclosed, the Group will continue to be involved in the sales and purchase of LNG and purchase of natural gas with members of the GG Group and sales of LNG to JS Runfu. Taking into account that members of the GG Group and JS Runfu are both connected persons of the Company, the sales and purchase of LNG and purchase of natural gas between the Group on the one hand and the GG Group and JS Runfu on the other hand will constitute continuing connected transactions on the part of the Company.

Also, as previously disclosed, members of the UHL group has been purchasing pipes and materials for laying and installation of pipeline network connecting the LNG satellite stations of the Group and their customers, in particular, the white wine distillery factories, and purchasing equipment tools and materials for constructing liquefaction facilities.

Following completion of the UHL group, the Group will, via Huaheng Energy, continue to purchase pipes, tools and materials from GG Material, a subsidiary of Guizhou Gas and engage GG Constructor, also a subsidiary of Guizhou Gas, for carrying out the laying and installation of the pipelines and the construction of the liquefaction facilities. As a result, the purchase of materials from, and the construction works carried out by, the subsidiaries of Guizhou Gas constitute continuing connected transactions on the part of the Company.

The Company, following internal review of these transactions which have been continuing before completion of the acquisition of UHL, and the historical annual caps amounts, considered that it would be in the best interests of the Company to enter into new framework agreements in respect of the sale and purchase of natural gas and LNG with the GG Group and JS Runfu respectively and supplemental framework agreements in respect of the purchase of materials from, and the construction works carried out by, the subsidiaries of Guizhou Gas so that these continuing connected transactions would be fully in compliance with the requirements of the Listing Rules.

Details of these agreements are set out below.

## **PRINCIPAL TERMS OF THE FRAMEWORK AGREEMENTS**

### **1. GG Supply Agreement**

Date: 4 September 2014

Parties: (1) Yuanheng Gas  
(2) Guizhou Gas

Commencement Date: Parties obligations to purchase and sale of LNG will commence from the date when the Condition Precedent is satisfied or 1 October 2014, whichever is later

Condition Precedent: If required, the passing by the Shareholders at the general meeting of the relevant resolution(s) to approve the GG Supply Agreement and the transactions contemplated thereunder as required under the Listing Rules and in accordance with the bye-laws of the Company.

If the Condition Precedent is not satisfied on or before the Long Stop Date, the GG Supply Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for antecedent breach.

**Subject matter:** Yuanheng Gas has agreed to, and will procure each member of the Group to sell, and Guizhou Gas has agreed to, and will procure each member of the GG Group, to purchase LNG subject to the terms and conditions contained in the GG Supply Agreement and any sale and purchase of LNG to be made shall be made separately by an individual purchase order on an “order-by-order” basis.

**Pricing basis:** The price shall be determined at arm’s length negotiation on normal commercial terms no less favourable than otherwise provided by independent third parties according to the prevailing market price of the month with reference to, a monthly market report on LNG price in the PRC issued by a global market research organization. The actual settlement price and the method of payment (including payment by way of cash or such other manners as agreed by the parties) shall be determined based on the above principle and confirmed in the sales contract to be signed by the parties. The payment terms will be on market terms which are no less favourable than otherwise provided by independent third parties.

**Annual caps:** Proposed annual caps for sale of LNG are as follows:

	<b>Annual cap</b> <i>RMB</i>
Remaining year ending 31 March 2015	230,000,000
Year ending 31 March 2016	457,000,000
Year ending 31 March 2017	466,000,000

The proposed annual caps for each year are arrived at by the estimated LNG demand multiplied by the projected price of the LNG.

**Basis of the annual caps:**

The annual caps under the GG Supply Agreement were determined based on the following matters:

- (a) the historical transaction amount of LNG supplied by the Group to the GG Group;
- (b) the production and operation capacity of the Group;
- (c) the demand estimated for LNG during the three financial years ending 31 March 2017;
- (d) the projected price of LNG during the three financial years ending 31 March 2017; and
- (e) a buffer to accommodate changes in market conditions.

The historical transaction amount of LNG supplied by the members of the Group (which for illustration purposes such amount includes historical data before UHL has become a wholly-owned subsidiary of the Company) to the members of the GG Group for the two years ended 31 March 2014 (audited) are set out below:

	<b>Total historical sale amount of LNG RMB</b>
Year ended 31 March 2013	1,438,031
Year ended 31 March 2014	307,910,287

However, Shareholders should note that the monetary value of the annual caps should not be construed as an assurance or forecast by the Company of the future revenues of the Group under the terms of the GG Supply Agreement.

## **2. GG Purchase Agreement**

Date: 4 September 2014

Parties: (1) Guizhou Gas  
(2) Yuanheng Gas

Commencement Date: Parties obligations to purchase and sale of Natural Gas Products will commence from the date when the Condition Precedent is satisfied or 1 October 2014, whichever is later

Condition Precedent: If required, the passing by the Shareholders at the general meeting of the relevant resolution(s) to approve the GG Purchase Agreement and the transactions contemplated thereunder as required under the Listing Rules and in accordance with the bye-laws of the Company.

If the Condition Precedent is not satisfied on or before the Long Stop Date, the GG Purchase Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for antecedent breach.

Subject matter: Guizhou Gas has agreed to, and will procure each member of the GG Group to sell, and Yuanheng Gas has agreed to, and will procure each member of the Group to purchase Natural Gas Products subject to the terms and conditions contained in the GG Purchase Agreement and any sale and purchase of Natural Gas Products to be made shall be made separately by an individual purchase order on an “order-by-order” basis.

Pricing basis: The price shall be determined at arm's length negotiation on normal commercial terms no less favourable than otherwise provided by independent third parties according to the prevailing market price of the month with reference to a monthly market report on price of LNG in the PRC issued by a global market research organization. The actual settlement price and the method of payment (including payment by way of cash or such other manners as agreed by the parties) shall be determined based on the above principle and confirmed in the sales contract to be signed by the parties. The payment terms will be on market terms which are no less favourable than otherwise provided by independent third parties.

Annual caps: Proposed annual caps for trading of Natural Gas Products are as follows:

	<b>Annual cap</b> <i>RMB</i>
Remaining year ending 31 March 2015	151,000,000
Year ending 31 March 2016	518,000,000
Year ending 31 March 2017	567,000,000

The proposed annual caps for each year are arrived at by the estimated Natural Gas Products demand multiplied by the projected price of the Natural Gas Products.

Basis of the annual caps:

The annual caps under the GG Purchase Agreement were determined based on the following matters:

- (a) the historical transaction amount of Natural Gas Products purchased by the Group from the GG Group;
- (b) the production and operation capacity of the Group;
- (c) the increase in demand of natural gas after the completion of their production facilities of certain customers of the Group;
- (d) the demand estimated for Natural Gas Products during the three financial years ending 31 March 2017;
- (e) the projected price of Natural Gas Products during the three financial years ending 31 March 2017; and
- (f) a buffer to accommodate changes in market conditions.

The historical transaction amount of Natural Gas Products purchased by the members of the Group (which for illustration purposes such amount includes historical data before UHL has become a wholly-owned subsidiary of the Company) from the members of the GG Group for the two years ended 31 March 2014 (audited) are set out below:

	<b>Total historical transaction amount of LNG/ natural gas RMB</b>
Year ended 31 March 2013	44,227,075
Year ended 31 March 2014	182,380,374

### **3. JR Supply Agreement**

Date:	4 September 2014
Parties:	(1) Yuanheng Gas (2) JS Runfu
Commencement Date:	Parties obligations to purchase and sale of LNG will commence from the date when the Condition Precedent is satisfied or 1 October 2014, whichever is later
Condition Precedent:	If required, the passing by the Shareholders at the general meeting of the relevant resolution(s) to approve the JR Supply Agreement and the transactions contemplated thereunder as required under the Listing Rules and in accordance with the bye-laws of the Company.  If the Condition Precedent is not satisfied on or before the Long Stop Date, the JR Supply Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for antecedent breach.
Subject matter:	Yuanheng Gas has agreed to and JS Runfu has agreed to purchase LNG subject to the terms and conditions contained in the JR Supply Agreement and any sale and purchase of LNG to be made shall be made separately by an individual purchase order on an “order-by-order” basis.

Pricing basis: The price shall be determined at arm's length negotiation on normal commercial terms no less favourable than otherwise provided by independent third parties according to the prevailing market price of the month with reference to a monthly market report on LNG price in the PRC issued by a global market research organization. The actual settlement price and the method of payment (including payment by way of cash or such other manners as agreed by the parties) shall be determined based on the above principle and confirmed in the sales contract to be signed by the parties. The payment terms will be on market terms which are no less favourable than otherwise provided by independent third parties.

Annual caps: Proposed annual caps for sale of LNG are as follows:

	<b>Annual cap</b> <i>RMB</i>
Remaining year ending 31 March 2015	27,000,000
Year ending 31 March 2016	54,000,000
Year ending 31 March 2017	55,000,000

The proposed annual caps for each year are arrived at by the estimated LNG demand multiplied by the projected price of the LNG.

Basis of the annual caps:

The annual cap under the JR Supply Agreement was determined based on the following:

- (a) the historical transaction amount of LNG supplied by the Group to JS Runfu;
- (b) the production and operation capacity of the Group;
- (c) the demand estimated for LNG during the three financial years ending 31 March 2017;
- (d) the projected price of LNG during the three financial years ending 31 March 2017;  
and
- (e) a buffer to accommodate changes in market conditions.



The historical transaction amount of LNG supplied by Yuanheng Gas (which for illustration purposes such amount includes historical data before UHL has become a wholly-owned subsidiary of the Company) to JS Runfu for the two years ended 31 March 2014 (audited) are set out below:

	<b>Total historical sale amount of LNG RMB</b>
Year ended 31 March 2013	—
Year ended 31 March 2014	14,453,256

However, Shareholders should note that the monetary value of the annual caps should not be construed as an assurance or forecast by the Company of the future revenues of the Group under the terms of the JR Supply Agreement.

#### **4. GG Construction Agreement**

Date: 4 September 2014

Parties: (1) Huaheng Energy  
(2) GG Constructor

Commencement Date: Parties obligations for the construction works for the pipeline networks and the supporting facilities will commence from the date when the Condition Precedent is satisfied or 1 October 2014, whichever is later.

Condition Precedent: If required, the passing by the Shareholders at the general meeting of the relevant resolution(s) to approve the GG Construction Agreement and the transactions contemplated thereunder as required under the Listing Rules and in accordance with the bye-laws of the Company.

If the Condition Precedent is not satisfied on or before the Long Stop Date, the GG Construction Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for antecedent breach.

Subject matter: Huaheng Energy has agreed to employ, and GG Constructor has agreed to become the contractor of Huaheng Energy for construction of the pipeline networks and the supporting facilities subject to the terms and conditions contained in the GG Construction Agreement and details of the construction works for the pipeline networks and the supporting facilities to be made shall be made separately by an individual contract on an “order-by-order” basis.

Pricing basis: The price shall be determined at arm's length negotiation on normal commercial terms no less favourable than otherwise provided by independent third parties according to (i) price quotations from other independent contractors for comparable construction works; and (ii) price offered by other employers; and (iii) price offered by other contractors in the market for comparable construction works. The actual settlement price and the method of payment (including payment by way of cash or such other manners as agreed by the parties) shall be determined based on the above principle and confirmed in the purchase orders to be signed by the parties. The payment terms will be on market terms which are no less favourable than otherwise provided by independent third parties.

Other terms: The GG Construction Agreement is made in supplemental to an agreement in writing between the parties dated 1 January 2014. If there is any inconsistency, the terms of the GG Construction Agreement shall prevail over the original agreement.

Annual caps: Proposed annual caps for construction works are as follows:

	<b>Annual cap</b> <i>RMB</i>
Remaining year ending 31 March 2015	6,700,000
Year ending 31 March 2016	6,500,000
Year ending 31 March 2017	4,800,000

Basis of the annual caps:

The annual caps under the GG Construction Agreement were determined based on the following matters:

- (a) the historical transaction amount of the total construction price of the works done by GG Constructor for Huaheng Energy;
- (b) the production and operation capacity of Huaheng Energy;
- (c) the estimated number of pipeline networks and the supporting facilities to be built during the three financial years ending 31 March 2017;
- (d) the projected consumer price index during the three financial years ending 31 March 2017; and
- (e) a buffer to accommodate changes in market conditions.

The historical transaction amount of the total construction price of the works done by GG Constructor (which for illustration purposes such amount includes historical data before UHL has become a wholly-owned subsidiary of the Company) for Huaheng Energy for the two years ended 31 March 2014 (audited) are set out below:

	<b>Total historical construction price RMB</b>
Year ended 31 March 2013	870,000
Year ended 31 March 2014	12,426,100

## **5. GG Procurement Agreement**

Date:	4 September 2014
Parties:	(1) Huaheng Energy (2) GG Material
Commencement Date:	Parties obligations to purchase and sale of materials for construction of pipeline networks will commence from the date when the Condition Precedent is satisfied or 1 October 2014, whichever is later.
Condition Precedent:	If required, the passing by the Shareholders at the general meeting of the relevant resolution(s) to approve the GG Procurement Agreement and the transactions contemplated thereunder as required under the Listing Rules and in accordance with the bye-laws of the Company.  If the Condition Precedent is not satisfied on or before the Long Stop Date, the GG Supply Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for antecedent breach.
Subject matter:	Huaheng Energy has agreed to purchase, and GG Material has agreed to sell materials for construction of pipeline networks subject to the terms and conditions contained in the GG Procurement Agreement and any sale and purchase of materials to be made shall be made separately by an individual purchase order on an “order-by-order” basis.

Pricing basis: The price shall be determined at arm's length negotiation on normal commercial terms no less favourable than otherwise provided by independent third parties according to (i) price quotations from other independent third party suppliers of comparable products; and (ii) price offered by other suppliers in the market for comparable products. The actual settlement price and the method of payment (including payment by way of cash or such other manners as agreed by the parties) shall be determined based on the above principle and confirmed in the purchase orders to be signed by the parties. The payment terms will be on market terms which are no less favourable than otherwise provided by independent third parties.

Other terms: The GG Procurement Agreement is made in supplemental to an agreement in writing between the parties dated 2 January 2014. If there is any inconsistency, the terms of the GG Procurement Agreement shall prevail over the original agreement.

Annual caps: Proposed annual caps for sale of materials are as follows:

	<b>Annual cap</b> <i>RMB</i>
Remaining year ending 31 March 2015	8,600,000
Year ending 31 March 2016	10,500,000
Year ending 31 March 2017	5,900,000

Basis of the annual caps:

The annual caps under the GG Procurement Agreement were determined based on the following matters:

- (a) the historical transaction amount of material supplied by GG Material to Huaheng Energy;
- (b) the production and operation capacity of Huaheng Energy;
- (c) the estimated number of pipeline networks to be built during the three financial years ending 31 March 2017;
- (d) the projected consumer price index during the three financial years ending 31 March 2017; and
- (e) a buffer to accommodate changes in market conditions.

The historical transaction amount of materials supplied by GG Material (which for illustration purposes such amount includes historical data before UHL has become a wholly-owned subsidiary of the Company) to Huaheng Energy for the two years ended 31 March 2014 (audited) are set out below:

	<b>Total historical amount of materials purchased RMB</b>
Year ended 31 March 2013	13,642,813
Year ended 31 March 2014	17,175,000

The Directors (including the independent non-executive Directors) have confirmed and considered that the transactions contemplated under each of the GG Supply Agreement, the GG Purchase Agreement, the GG Procurement Agreement and the GG Construction Agreement have been subject to arm's length negotiation between the Group and the relevant parties, and have been entered into by the Group in the ordinary and usual course of business and on normal commercial terms or better and which are no less favourable to the Group than those available to or from independent third parties and are of the view that the transactions contemplated under each of the GG Supply Agreement, the GG Purchase Agreement, the GG Procurement Agreement and the GG Construction Agreement and the respective proposed annual caps for each of the three years ending 31 March 2017 are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Since no Director is considered to have material interest in the GG Supply Agreement, the GG Purchase Agreement, the GG Procurement Agreement and the GG Construction Agreement and the transactions contemplated thereunder, no Director have abstained from voting on the resolutions passed at the Board meeting held on 4 September 2014 to approve the GG Supply Agreement, the GG Purchase Agreement, the GG Procurement Agreement and the GG Construction Agreement and the transactions contemplated thereunder (including the respective proposed annual caps).

The Directors (including the independent non-executive Directors) have confirmed and considered that the transactions contemplated under the JR Supply Agreement have been subject to arm's length negotiation between the Group and the relevant parties, and have been entered into by the Group in the ordinary and usual course of business and on normal commercial terms or better and which are no less favourable to the Group than those available to or from independent third parties and are of the view that the transactions contemplated under the JR Supply Agreement and its annual caps for the three years ending 31 March 2017 are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Mr. Wang, an executive Director, the chairman and the chief executive officer of the Company, being a brother of Mr. Wang Jian, and Mr. Bao Jun, an executive Director, being a cousin of Mr. Wang Jian have abstained from voting on the resolutions passed at the Board meeting held on 4 September 2014 to approve the JR Supply Agreement and the transactions contemplated thereunder (including the proposed annual caps).

## **LISTING RULES IMPLICATIONS**

Guizhou Gas holds 50% interests in Huaheng Energy, a company established under the laws of the PRC and an indirectly non-wholly owned subsidiary of the Company where the Company indirectly holds the remaining 50% interests in it, and therefore, Guizhou Gas is a connected person of the Company.

Each of GG Contractor and GG Material is a subsidiary of Guizhou Gas, and therefore they are also connected persons of the Company.

JS Runfu is owned as to 70% by Mr. Wang Jian, a brother of Mr. Wang, an executive Director, the chairman, chief executive officer and controlling shareholder of the Company and a cousin of Mr. Bao Jun, an executive Director and therefore Mr. Wang Jian and JS Runfu are associates of Mr. Wang and are connected persons of the Company.

Therefore, Guizhou Gas, GG Contractor, GG Material and JS Runfu are connected persons of the Company and each of the transactions contemplated under the Framework Agreements constitutes continuing connected transactions under Chapter 14A of the Listing Rules.

As the GG Supply Agreement, the GG Purchase Agreement, the GG Procurement Agreement and the GG Construction Agreement respectively are entered into between an indirect wholly-owned subsidiary of the Company (namely Yuanheng Gas or Huaheng Energy) for and on behalf of the members of the Group and a connected person of the Company at the subsidiary level only (namely Guizhou Gas, GG Contractor or GG Material) for and on behalf of the members of GG Group on normal commercial terms or better, the Company is required to comply with the reporting and announcement requirements but is exempted from the circular, (including independent financial advice) and independent shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

As the annual caps under the JR Supply Agreement, calculated on an annual basis, does not exceed 5% of the relevant percentage ratios but exceeds HK\$10,000,000, the Company is required to comply with the reporting and announcement requirements but is exempted from the circular (including independent financial advice) and independent shareholders' approval requirements under Rule 14A.76(2) of Chapter 14A of the Listing Rules.

## **INFORMATION ON 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.

Yuanheng Gas is a wholly-owned foreign enterprise established under the laws of the PRC and an indirectly wholly-owned subsidiary of the Company. Yuanheng Gas and its subsidiaries are engaged in the LNG processing, distribution, sales, trading and transportation and other auxiliary operations and networks in the PRC.

Huaheng Energy is a company established under the laws of the PRC and an indirectly non-wholly owned subsidiary of the Company holding 50% of its interests, where the remaining 50% interests is held by Guizhou Gas. Huaheng Energy is a licensed natural gas dealer for the supply and sale of natural gas. As at the date of this announcement, it operates two LNG

satellite stations located in Renhuai Famous Wine Industrial Park and Kweichow Moutai Distilleries in Renhuai, Guizhou, PRC for the storage and distribution of natural gas to the white wine distilleries.

## **INFORMATION ON GG GROUP**

Guizhou Gas 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.

GG Contractor is a company established under the laws of the PRC, and is a subsidiary of Guizhou Gas. It is principally engaged in construction business.

GG Material is a company established under the laws of the PRC, and is a subsidiary of Guizhou Gas. It is principally engaged in trading of construction materials.

## **INFORMATION ON JS RUNFU**

JS Runfu is a company established under the laws of the PRC, and is principally engaged in supply of natural gas in Nantong, Jiangsu Province, the PRC.

## **REASONS FOR ENTERING INTO THE FRAMEWORK AGREEMENTS**

Following completion of the acquisition of UHL, the Group is expanding into the processing, distribution, sales, trading and transportation of LNG and other auxiliary operations and networks business in the PRC. The transactions contemplated under the Framework Agreements are an integral part of the ordinary and usual course of business of the Group and will be conducted on normal commercial terms following arm's length negotiation between the parties to the Framework Agreements.

Given these continuing connection transactions contemplated under the Framework Agreements have been continuing before completion of the acquisition of UHL and in consideration of the good contractual and business relationships of these suppliers and customers, the Directors consider it is beneficial to the Group to continue such transactions, where the Group has the necessary capacity to continue. The entering into of the Framework Agreements will help the Group to maintain and develop the long term relationship with the GG Group and JS Runfu respectively, especially when the GG Group is a leading natural gas player in the industry and have the exclusive rights for the supply of natural gas in certain cities where the Group operates.

Also, to enhance good corporate governance of the Group, the Directors also consider that it would be in the best interests of the Company to enter into these Framework Agreements so that additional clauses will be entered into to cater for the requirements of the Listing Rules.

## **II. DISCONTINUANCE OF THE EMS BUSINESS**

This part of the announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The Board wishes to inform the Shareholders and potential investors of the Company that following the completion of the acquisition of UHL, and after review of the principal business operations of the Group, the Board has decided it would be in the best interests of the

Company and the Shareholders that the Group shall principally focus on the trading of oil and gas products where the Group has made significant investments in. In order to streamline the Group's business operations and to control the operating costs of the Group, the Board has resolved to discontinue the EMS Business of the Group. As a result, the Group would be able to direct its resources that may be saved from the EMS Business to its (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.

## DEFINITIONS

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

“associate”	has the meaning ascribed to it under Chapter 14A of the Listing Rules
“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 ascribed to it under Chapter 14A of the Listing Rules
“Directors”	directors of the Company
“EMS Business”	the design and sale of electronic and electrical products by the Group
“Framework Agreements”	collectively, the GG Supply Agreement, the GG Purchase Agreement, the JR Supply Agreement, the GG Procurement Agreement and the GG Construction Agreement
“Group”	the Company and its subsidiaries
“Guizhou Gas”	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
“GG Group”	collectively, Guizhou Gas, its subsidiaries and its associates
“GG Construction Agreement”	the framework agreement dated 4 September 2014 and entered into between Huaheng Energy and GG Constructor regarding retainer of contractors for the pipeline networks and supporting facilities by Huaheng Energy from GG Constructor
“GG Constructor”	貴州鴻源燃氣建設發展有限公司 (Guizhou Hongyuan Gas Construction and Development Co., Ltd*), a company established under the laws of the PRC and a subsidiary of Guizhou Gas
“GG Material”	貴州燃氣集團物資貿易有限公司 (Guizhou Gas Group Material Trading Co., Ltd*), a company established under the laws of the PRC and a subsidiary of Guizhou Gas



“GG Procurement Agreement”	the framework agreement dated 4 September 2014 and entered into between GG Material and Huaheng Energy regarding the procurement of materials for construction of pipeline networks by Huaheng Energy from GG Material
“GG Purchase Agreement”	the framework agreement dated 4 September 2014 and entered into between Guizhou Gas and Yuanheng Gas regarding the purchase of Natural Gas Products by the members of the Group from the members of the GG Group
“GG Supply Agreement”	the framework agreement dated 4 September 2014 and entered into between Guizhou Gas and Yuanheng Gas regarding the sale of LNG by the members of the Group to the members of the GG Group
“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 Guizhou Gas
“JR Supply Agreement”	the framework agreement dated 4 September 2014 and entered into between Yuanheng Gas and JS Runfu regarding the sale of LNG by the members of the Group to JR Runfu
“JS Runfu”	江蘇潤富新能源發展有限公司 (Jiangsu Runfu New Energy Development Co., Ltd.*), a company established under the laws of the PRC, which is owned as to 70% by Mr. Wang Jian, a brother of Mr. Wang, and a connected person of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	as regards each Framework Agreements, on or before 31 October 2014, or such other date as the parties to each Framework Agreements may agree in writing respectively
“LNG”	liquefied natural gas
“Mr. Wang”	Mr. Wang Jianqing, an executive Director, the chairman, chief executive officer and controlling shareholder of the Company
“Natural Gas Products”	collectively, LNG and natural gas
“PRC”	The People’s Republic of China
“Shareholders”	holders of ordinary share(s) in the Company of HK\$0.10 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“UHL”	Union Honor Limited, a company incorporated in the BVI with limited liability and an indirectly wholly-owned subsidiary of the Company

“Yuanheng Gas” 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

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

Hong Kong, 4 September 2014

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

\* *for identification purpose only*