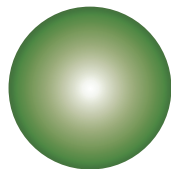


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元亨燃氣

YUANHENG GAS

YUAN HENG GAS HOLDINGS LIMITED

元亨燃氣控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 332)

**NON-LEGALLY BINDING MEMORANDUM OF UNDERSTANDING
IN RELATION TO A
PROPOSED SUBSCRIPTION OF CONVERTIBLE BOND**

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

The Board is pleased to announce that on 9 September 2015, after trading hours, the Company and the Subscriber entered into the MOU relating to the proposed Subscription of Convertible Bond in an aggregate principal amount of USD10,000,000.

The conversion shares to be issued upon the conversion of the Convertible Bond are intended to be issued under the General Mandate.

WARNING

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

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

THE MOU

The Board is pleased to announce that on 9 September 2015, after trading hours, the Company and the Subscriber entered into the MOU relating to the proposed Subscription of Convertible Bond in an aggregate principal amount of USD10,000,000.

The principal terms of the MOU are as follows:

Date: 9 September 2015 (after trading hours)

Parties:

1. the Company; and
2. the Subscriber.

The Subscriber is a company incorporated in Singapore with limited liability. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Subscriber and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

Proposed Subscription

Pursuant to the MOU, the Company intends to issue, and the Subscriber intends to subscribe, in cash for the Convertible Bond of an aggregate principal amount of USD10,000,000, equivalent to approximately HK\$78 million.

Proposed terms of the Convertible Bond

It is expected that the Formal Agreement shall contain the following terms of the Convertible Bond:

Principal amount:	USD10,000,000
Denomination	The Convertible Bond will be issued in the denomination of USD1,000,000 each
Interest rate:	6% per annum (with interest payment quarterly)
Conversion price:	the higher of (i) HK\$0.65 per share or (ii) such price to be determined based on the provisions under the Listing Rules
Denomination of share conversion:	Each share conversion shall not be less than USD1,000,000 worth of the Conversion Bond, partial conversion of the Conversion Bond shall be allowed
Share conversion exchange rate:	The average exchange rate of the 10 working days prior to the date of issuance of the Convertible Bond

Maturity date and redemption:	24 months from the date of issuance of the Convertible Bond, and the Company shall redeem any Convertible Bond that is not yet being converted to Shares at the principal amount plus unpaid coupon upon the maturity date
Share conversion period:	From the date of issuance to 5 working days prior to maturity date of the Convertible Bond
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
Event of default:	Unless an event of default has occurred, the Subscriber shall not request for early redemption of the Convertible Bond under any circumstance
Transfer:	The Convertible Bond can be transferred to third party, the transferee shall be approved by the Company which approval shall not be unreasonably withheld
Anti-dilution protection	The share conversion price shall be adjusted in the event of the following: <ul style="list-style-type: none"> (1) The split or reverse split of shares; (2) The issuance of share warrant, allotment, dividends and other dilution matters (does not include the issuance of consideration shares due to the acquisition, any allotment and right issue, and options/convertible securities disclosed prior to the signing of the Formal Agreement)

Duration of the MOU

Parties to the MOU shall use the reasonable endeavour to negotiate and finalise the terms of the Formal Agreement on or before 1 October 2015 or such other later date(s) to be agreed by the parties to the MOU, failing which the MOU shall lapse automatically.

Non-legally binding nature

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

GENERAL MANDATE TO ISSUE THE CONVERSION SHARES

The conversion shares to be issued upon the conversion of the Convertible Bond are intended to be issued under the General Mandate. The Board is of the view that the existing balance of the General Mandate will be sufficient for the purpose.

For illustration purpose only, and assuming (1) the share conversion exchange rate is at USD1 :HK\$7.8, (2) the conversion price is HK\$0.65 per share, and (3) the Subscriber exercises its rights to fully convert the aggregate principal amount of USD10,000,000 into Shares, the

total number of conversion Shares to be issued under the conversion of the Convertible Bond will be 120,000,000 Shares, which will utilise about 11.31% of the General Mandate, and representing approximately 2.26% of the issued share capital of the Company as at the date of this announcement (being 5,302,801,915 Shares) and approximately 2.21% of the enlarged share capital of 5,422,801,915 Shares after allotment and issue of the conversion shares under the conversion of the Convertible Bond.

REASONS FOR THE PROPOSED SUBSCRIPTION

The Directors are of the view that the issue of the Convertible Bond, if materialises, will (i) 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; and (ii) enable the Company to build a strategic partnership with the industry leading state-owned company and to develop a comprehensive cooperation in the clean energy vessel building transportation and leasing area to support the Group's future LNG business.

INFORMATION OF THE COMPANY

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

INFORMATION OF THE SUBSCRIBER

As informed by the Subscriber, the Subscriber 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.

WARNING NOTICE

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

DEFINITIONS

In this announcement, 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
“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
“Convertible Bond”	the convertible bond in the aggregate principal amount of USD10,000,000 bearing an interest rate of 6% per annum proposed to be issued by the Company to the Subscriber
“Directors”	directors of the Company
“Formal Agreement”	the formal subscription agreement to be entered into between the Company and the Subscriber in relation to the Proposed Subscription
“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\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the memorandum of understanding dated 9 September 2015 entered into between the Company and the Subscriber in relation to the Proposed Subscription
“PRC”	The People’s Republic of China
“Proposed Subscription”	the proposed subscription of the Convertible Bond by the Subscriber as contemplated under the MOU, subject to the entering into of the Formal Agreement
“Shareholders”	holders of Shares
“Shares”	ordinary shares in the Company of HK\$0.10 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Kylin Offshore Engineering Pte Ltd, a company incorporated in Singapore with limited liability

“USD” United States dollars, the lawful currency of the United States of America

For the purpose of this announcement and illustration only, amounts denominated in USD have been translated into HK\$ at an exchange rate of USD1:HK\$7.8. No representation is made that any amounts in USD and HK\$ can be or could have been converted at the relevant dates at the above rates or at any other rates.

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

Hong Kong, 9 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.