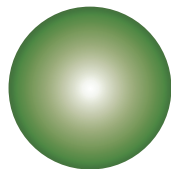


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*This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities.*



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)**

**DISCLOSEABLE TRANSACTION  
IN RELATION TO PROPOSED ACQUISITION INVOLVING  
THE ISSUE OF CONSIDERATION SHARES  
UNDER GENERAL MANDATE**

The Board is pleased to announce that after trading hours on 21 September 2015, the Company, the Purchaser, the Vendor and the Guarantor entered into the Acquisition Agreement, pursuant to which the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell the entire equity interest in the Target Company and the Shareholder Loan at a consideration of US\$66,180,000 (equivalent to approximately HK\$516,200,000), which will be satisfied partially by cash and partially by the issue of the Consideration Shares issued under General Mandate.

Subject to the fulfilment (or waiver) of the conditions precedent set out in the Acquisition Agreement, completion of the Acquisition shall take place on or before the Long Stop Date.

Upon completion of the Acquisition Agreement, the Target Company will have all rights and benefits of the Agreements which shall have been transferred or assigned by the Vendor to the Target Company. The Target Company will principally be engaged in the owning, trading and chartering of liftboats, which are capable of carrying equipment, supplies in support of various offshore oil and gas explorations and construction activities and working staff.

**IMPLICATIONS UNDER THE LISTING RULES**

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Transaction exceed 5% but all the applicable percentages ratios are less than 25%, the Proposed Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

**Completion of the Proposed Acquisition is subject to the fulfilment (or waiver) of the conditions precedent under the Acquisition Agreement. As the Proposed Acquisition may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **INTRODUCTION**

Reference is made to the announcement of the Company dated 20 August 2015 in relation to the MOU entered into between the Company and the Vendor in relation to the Proposed Acquisition.

The Board is pleased to announce that after trading hours on 21 September 2015, the Company, the Purchaser, the Vendor and the Guarantor entered into the Acquisition Agreement, pursuant to which the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell the entire equity interest in the Target Company and the Shareholder Loan at a consideration of US\$66,180,000 (equivalent to approximately HK\$516,200,000).

The principal terms of the Acquisition Agreement are as follows:

## **THE ACQUISITION AGREEMENT**

**Date** : 21 September 2015

**Parties** : (1) the Company;  
(2) the Purchaser;  
(3) the Vendor; and  
(4) the Guarantor

To the best knowledge, information and belief of the Directors, and having made all reasonable enquiries, the Vendor and its ultimate beneficial owner, being the Guarantor, are third parties independent of the Company and its connected persons.

### **Assets to be acquired**

Subject to and conditional upon fulfilment or waiver of the conditions precedent set out in the Acquisition Agreement, the Company conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the entire equity interest in the Target Company and the Shareholder Loan. The Target Company currently is a shelf company but after completion of the assets reorganisation, will principally be engaged in the owning, trading and chartering of liftboats, which are capable of carrying equipment, supplies in support of various offshore oil and gas explorations and construction activities and working staff.

## Conditions precedent

Completion of the Acquisition Agreement is subject to and conditional upon fulfillment (or waiver of conditions (a), (e), (f), (g), (h) and (i) which the Purchaser is entitled to exercise) of the following conditions precedent before the Long Stop Date:

- (a) the Purchaser having obtained and being reasonably satisfied with the review it considers necessary on the assets, debts, operations and business of the Target Company;
- (b) the Vendor having completed the business and asset reorganisation of the Target Company (including but not limited to the valid delivery, authorisation, assignment or novation of all obligations, rights, duties and interests of the Vendor contemplated under the reorganisation document to the Target Company, in order that such rights and obligations constitute the lawful, valid and binding rights and obligations of the Target Company), and the Completion not having resulted in a breach or violation of the reorganisation document by the Target Company;
- (c) if required, the passing of relevant resolution(s) by the Shareholders at an extraordinary general meeting of the Company pursuant to the Listing Rules, statutory constitutional documents and all applicable laws and regulations to approve the Acquisition Agreement and the transactions contemplated thereunder, including but not limited to, allotment and issue of Consideration Shares (credited as fully paid) to the Vendor;
- (d) the listing of and permission to deal in all of the Consideration Shares to be issued in connection with the Acquisition Agreement having been granted by the Stock Exchange;
- (e) all necessary consents, clearance, approvals and authorizations from relevant governmental authorities or regulatory bodies and any third parties having been obtained or procured at or prior to Completion;
- (f) absence of any events which may affect or pose an adverse impact on the legal status and valid existence of the Target Company or continuation of its business or the legality, validity and binding effect of the reorganisation documents;
- (g) clean relevant legal opinion having been issued by PRC lawyer and UK lawyer respectively, confirming the valid delivery, authorisation, assignment or novation of all obligations, rights, duties and interests of the Vendor contemplated under the reorganisation document to the Target Company, in order that such rights and obligations constitute the lawful, valid and binding rights and obligations of the Target Company;
- (h) the warranties given by the Vendor being true and accurate in all respects and the Vendor having performed in all respects its undertakings and responsibilities on Completion;
- (i) the warranties given by the Guarantor being true and accurate in all respects and the Guarantor having performed in all respects its undertakings and responsibilities on Completion;
- (j) the warranties given by the Purchaser being true and accurate in all respects and the Purchaser having performed in all respects its undertakings and responsibilities on Completion.

The Purchaser may at any time by written notice to the Vendor waive in full, in part or conditionally with terms it considers reasonable and acceptable the conditions precedent (a), (e), (f), (g) and (h), (i).

In the event such conditions precedent are not fulfilled (or waived) by 12:00 noon on or before the Long Stop Date, the Vendor shall return the initial deposit (if already paid by the Purchaser) to the Purchaser, and the Acquisition Agreement shall be terminated and neither parties shall have any rights and obligations in respect of the Proposed Acquisition save for any antecedent breach.

### **Consideration and payment terms**

The consideration of US\$66,180,000 (equivalent to approximately HK\$516,200,000) shall be satisfied partially by cash and partially by the issue of Consideration Shares in the following manner:

#### *(i) Initial deposit*

An initial deposit of US\$2,000,000 shall be payable by the Purchaser to the Vendor in cash within 3 business days upon the condition precedent (b) and (g) described in the section headed “The Acquisition Agreement — Conditions precedent” above having been fulfilled. Such deposit will be used to satisfy part of the consideration upon Completion.

#### *(ii) Second payment*

US\$18,000,000 shall be payable by the Purchaser to the Vendor in cash and US\$20,000,000 shall be satisfied by the issue of the First Batch Consideration Shares to the Vendor, credited as fully paid, upon Completion.

#### *(iii) Third payment*

US\$13,090,000 shall be satisfied by the issue of the Second Batch Consideration Shares to the Vendor, credited as fully paid, within 7 business days upon the three charter agreements having been signed and become effective.

#### *(iv) Fourth payment*

US\$5,800,000 shall be payable by the Purchaser to the Vendor in cash within 7 business days upon the first payments under the charter agreements having been received by the Target Company.

#### *(v) Remaining payments*

The balance of US\$7,290,000 shall be satisfied by the issue of the Third Batch Consideration Shares to the Vendor, credited as fully paid, in five equal payments, each within 7 business days upon:

- (a) the consolidated financial statements of the Target Company for the financial year 2016 having been audited by an independent auditor and issued, with actual net profits of not less than US\$29,184,000;
- (b) the consolidated financial statements of the Target Company for the financial year 2017 having been audited by an independent auditor and issued, with actual net profits of not less than US\$18,620,000;

- (c) the consolidated financial statements of the Target Company for the financial year 2018 having been audited by an independent auditor and issued, with actual net profits of not less than US\$19,304,000;
- (d) the consolidated financial statements of the Target Company for the financial year 2019 having been audited by an independent auditor and issued, with actual net profits of not less than US\$20,035,500; and
- (e) the consolidated financial statements of the Target Company for the financial year 2020 having been audited by an independent auditor and issued, with actual net profits of not less than US\$20,805,000.

### **Issue Price**

A total of 524,940,000 Consideration Shares will be issued to the Vendor in accordance with the terms of the Acquisition Agreement. The issue price of HK\$0.60 per Consideration Share represents:

- (a) a discount of approximately 14.29% over the closing price of HK\$0.70 per Share as quoted on the Stock Exchange on the date of the Acquisition Agreement; and
- (b) a discount of approximately 9.91% to the average of the closing prices of Shares as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Acquisition Agreement of approximately HK\$0.666 per Share.

### **Determination of consideration**

The consideration was determined after arm's length negotiations between the Purchaser, the Company and the Vendor with reference to the business nature of the Target Company and the Issue Price was determined with reference to the prevailing market price of the Company's Shares.

The Company will use its own financial resources to satisfy part of the consideration and will allot and issue the Consideration Shares for the remaining part of the consideration.

### **Completion**

Subject to the fulfillment (or waiver) of the conditions precedent set out in the Acquisition Agreement, Completion shall take place within five business days after fulfilment (or waiver) of the conditions precedent. Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and its accounts will be consolidated into the financial statements of the Group.

## Compensation undertaking

Pursuant to the Acquisition Agreement, the Vendor and Guarantor agree to compensate the Company if the actual net profits of the Target Company for the five financial years between 1 April 2016 to 31 March 2021 fails to reach the following amount on a dollar-to-dollar basis:

<b>Financial year</b>	<b>Actual net profits (US\$)</b>
1 April 2016 to 31 March 2017	29,184,000
1 April 2017 to 31 March 2018	18,620,000
1 April 2018 to 31 March 2019	19,304,000
1 April 2019 to 31 March 2020	20,035,500
1 April 2020 to 31 March 2021	20,805,000

In the event that the actual net profits for a financial year fall short of the amount stated above, the shortfall shall first be compensated by reducing the number of Consideration Shares to be allotted and issued to the Vendor in that particular financial year, and if the value of the Consideration Shares is not sufficient in covering the shortfall, the remaining balance shall be compensated by the Vendor in cash.

## Right of first refusal

Upon the conditions precedent set out in the section headed “The Acquisition Agreement — Conditions precedent” having been fulfilled (or waived), the Vendor has warranted and undertaken to grant a right of first refusal to the Target Company for the transfer or assignment of the Remaining Agreements by the Vendor to the Target Company based on reasonable market price and market terms to be agreed between the Purchaser and the Vendor.

After Completion, if and when the Company exercises any or all of such right of first refusal, the transaction(s) may constitute a notifiable transaction under Chapter 14 of the Listing Rules and the Company will comply with all requirements under the Listing Rules.

## REASONS FOR THE PROPOSED ACQUISITION

The Board believes that the Proposed Acquisition is in line with the development strategy of the Group and can create long-term and strategic interests for the Group, including but not limited to the following:

- to closely collaborate with the upstream manufacturers in oil and gas industry chain by owning, trading and chartering of liftboats, thereby expanding and improving the Group’s operational and financial flexibility;
- to diversify and expand all businesses in the industry chain and improve the overall competitiveness of the Group, so as to lay solid foundation for the Group to become the leading international oil and gas company in the future; and
- in view of the huge global demand for clean and renewable energy and the strong demand for liftboats in the global market, the Proposed Acquisition will also enable the Group to capture market opportunities and create value for the Shareholders.

## **INFORMATION OF THE PARTIES INVOLVED**

### **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 Purchaser**

The Purchaser, a wholly owned subsidiary of the Company, is incorporated in the British Virgin Island with limited liability and is a special purpose vehicle and as an investment holding company of the Target Company.

### **Information of the Vendor and the Guarantor**

The Vendor is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding, as well as owning, trading and chartering of liftboats and other kinds of vessels. The Guarantor is the sole director and sole shareholder of the Vendor.

### **Information of the Target Company**

The Target Company is a shelf company company incorporated in the British Virgin Islands with limited liability on 29 July 2015. It has not commenced any business operation. Upon completion of the Acquisition Agreement, the Target Company will have all rights and benefits of the Agreements which shall have been transferred or assigned by the Vendor to the Target Company. The Target Company will principally be engaged in the owning, trading and chartering of liftboats, which are capable of carrying equipment, supplies in support of various offshore oil and gas explorations and construction activities and working staff.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Transaction exceed 5% but all the applicable percentages ratios are less than 25%, the Proposed Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

## **GENERAL MANDATE**

The Consideration Shares will be issued under the General Mandate to allot, issue and deal with new Shares granted to the Directors by a resolution of the Shareholders subject to the limit of not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company.

Pursuant to the General Mandate granted to the Directors by Shareholders at the annual general meeting of the Company held on 23 September 2014, 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 as at the date of the annual general meeting (being 5,302,801,915).

Up to the end of 21 September 2015:

- (a) 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,
- (b) a total of 380,833,333 Shares under the General Mandate have been earmarked under the Shares Subscription Agreements entered into by the Company with three independent subscribers on 21 September 2015 (details are set out in the Share Subscription Announcement),
- (c) 120,000,000 Shares under the General Mandate has been earmarked under the CB Subscription Agreement dated 21 September 2015 (details are set out in the CB Announcement), and
- (d) the remaining 645,624,326 shares under the General Mandate has been earmarked for the allotment and issue of the Consideration Shares for the Acquisition, which will be sufficient for the purpose.

Shareholders' approval will not be required for the allotment and issue of the Consideration Shares as the Consideration Shares will be issued under the General Mandate.

Application will be made to the Stock Exchange for the listing of, and permission to deal in the Consideration Shares. Details of the impact of the Consideration Shares on the shareholding structure of the Company are set out in the section headed "Effect on Shareholding Structure of the Company" in this announcement below.

The Consideration Shares shall rank *pari passu* in all respects among themselves and with the existing issued Shares on the date of allotment and issue of the Consideration Shares.

## EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The table below illustrates the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after issuance of Subscription Shares (please refer to the Share Subscription Announcement for further details); (iii) immediately after the First Batch Consideration Shares having been issued upon completion; (iv) immediately after the Second Batch Consideration Shares having been issued; and (v) immediately after the Third Batch Consideration Shares having been issued, assuming in all cases that there are no other changes in the share capital of the Company from the date of this announcement up to the issue of the Third Batch Consideration Shares.

	As at the date of this announcement		Immediately after issuance of Subscription Shares		Immediately after the First Batch Consideration Shares having been issued upon completion		Immediately after the Second Batch Consideration Shares having been issued		Immediately after the Third Batch Consideration Shares having been issued	
	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %
<b>Names of Shareholders</b>										
Champion Ever Limited (Note 1)	2,656,464,436	50.10%	2,656,464,436	46.74%	2,656,464,436	44.69%	2,656,464,436	43.45%	2,656,464,436	42.79%
Galaxy King Limited (Note 1)	586,486,402	11.06%	586,486,402	10.32%	586,486,402	9.87%	586,486,402	9.59%	586,486,402	9.45%
Champion Golden Limited (Note 1)	50,017,949	0.94%	50,017,949	0.88%	50,017,949	0.84%	50,017,949	0.82%	50,017,949	0.81%
Bao Jun (Note 2)	45,000,000	0.85%	45,000,000	0.79%	45,000,000	0.76%	45,000,000	0.74%	45,000,000	0.72%
Public Shareholders:										
Share subscriber	—	—	380,833,333	6.70%	380,833,333	6.41%	380,833,333	6.23%	380,833,333	6.13%
Vendor	—	—	—	—	260,000,000	4.37%	430,170,000	7.04%	524,900,000	8.45%
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>33.06%</u>	<u>1,964,833,128</u>	<u>32.14%</u>	<u>1,964,833,128</u>	<u>31.65%</u>
Total	<u>5,302,801,915</u>	<u>100.00%</u>	<u>5,683,635,248</u>	<u>100.00%</u>	<u>5,943,635,248</u>	<u>100.00%</u>	<u>6,113,805,248</u>	<u>100.00%</u>	<u>6,208,535,248</u>	<u>100.00%</u>



Notes:

1. 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.
2. Mr. Bao Jun is an executive Director.

Please note that the table above does not take into account the effect on shareholding structure of the Company by the issue of convertible bonds under the CB Subscription Agreement, which are set out in the CB Announcement.

## SUSPENSION 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 CB Announcement, which is inside information of the Company.

## WARNING NOTICE

**Completion of the Proposed Acquisition is subject to the fulfilment (or waiver) of the conditions precedent under the Acquisition Agreement. As the Proposed Acquisition may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

“Acquisition Agreement”	the acquisition agreement dated 21 September 2015 and made between the Company, the Purchaser, the Vendor and the Guarantor in relation to the Proposed Acquisition
“Agreements”	shipbuilding agreements and sale agreements entered into by the Vendor, and all other relevant agreements and documents in relation to the aforesaid shipbuilding agreements and sale agreements, which shall be transferred or assigned to the Target Company
“Board”	the board of Directors
“CB Announcement”	the announcement dated 22 September 2015 of the Company relating to the subscription of convertible bonds under General Mandate
“CB Subscriber”	the Subscriber of convertible bonds as set out in the CB Announcement
“CB Subscription Agreement”	the Subscription Agreement dated 21 September 2015 between the Company and the CB Subscriber in relation to the convertible bonds
“Company”	Yuan Heng Gas Holdings Limited

“Completion”	completion of the Proposed Acquisition in accordance with the terms and conditions of the Acquisition Agreement
“Consideration Shares”	First Batch Consideration Shares, Second Batch Consideration Shares and Third Batch Consideration Shares;
“Director(s)”	director(s) of the Company
“First Batch Consideration Shares”	US\$20,000,000 worth of new Shares of HK\$0.6 each, which is equivalent to 260,000,000 Shares
“General Mandate”	the authority approved by the shareholders of the Company at the annual general meeting of the Company held on 23 September 2014 to authorize the Directors to allot and issue new Shares not exceeding 20% (being 1,060,560,383 Shares) of the aggregate nominal amount of the issued share capital of the Company as at the date where the relevant resolutions passed (being 5,302,801,915 Shares)
“Group”	the Company and its subsidiaries
“Guarantor”	Ms. Cheng Bing Xin, the sole shareholder of the Vendor
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Issue Price”	HK\$0.6, the issue price per Consideration Share
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 October 2015 or such other date as the Company and the Subscriber may agree in writing
“MOU”	the memorandum of understanding dated 20 August 2015 entered into between the Company and the Vendor in relation to the Proposed Acquisition
“Proposed Acquisition”	the proposed acquisition of 100% equity interest in the Target Company and the Shareholder Loan by the Purchaser pursuant to the Acquisition Agreement
“Purchaser”	Colourful Rite Limited, a wholly-owned subsidiary of the Company, which is incorporated in the British Virgin Island with limited liability
“Remaining Agreements”	the remaining shipbuilding agreements in relation to construction of 10 liftboats entered into by the Vendor, over which the Target Company shall have the rights of first refusal
“Second Batch Consideration Shares”	US\$13,090,000 worth of new Shares of HK\$0.6 each, which is equivalent to 170,170,000 Shares
“Share Subscribers”	Xu Yushan, Pengda SP and Roy Group Investment Limited

“Share Subscription”	the subscription of the 380,833,333 Subscription Shares pursuant to the Shares Subscription Agreements
“Share Subscription Announcement”	the announcement dated 21 September 2015 of the Company relating to the Share Subscription under General Mandate
“Share Subscription Agreements”	the share subscription agreements dated 21 September 2015 entered into between the Company and the Share Subscribers in relation to the subscription of a total of 380,833,333 new Shares
“Share(s)”	ordinary share(s) of HK\$0.6 each in the share capital of the Company
“Shareholder”	the holder(s) of Share(s)
“Shareholder Loan”	the loan in the amount of US\$13,500,000 due from the Target Company to the Vendor
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subscription Shares”	a total of 380,833,333 new Shares subscribed by the Share Subscribers
“Target Company”	Billion Fortune Developments Limited, a special purpose company for purpose of the Proposed Acquisition wholly owned by the Vendor, which is incorporated in the British Virgin Islands with limited liability
“Third Batch Consideration Shares”	US\$7,290,000 worth of new Shares of HK\$0.6 each, which is equivalent to 94,770,000 Shares of the Company
“Transaction”	the transactions contemplated under the Acquisition Agreement
“UK”	the United Kingdom of Great Britain and Northern Ireland
“US\$”	United States dollars, the lawful currency of United States of America
“Vendor”	China Sunrise (Group) Co., Limited, a company incorporated in Hong Kong with limited liability

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.

By the order of the Board of  
**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.*