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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)**

## **SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE**

On 21 March 2017, after trading hours, the Company entered into the Subscription Agreement with the Subscriber.

A total of 503,703,704 Subscription Shares will be allotted and issued by the Company under the Subscription representing (i) approximately 8.37% of the existing share capital of the Company of 6,014,635,248 Shares as at the date of this announcement; and (ii) approximately 7.73% of the issued share capital of the Company of 6,518,338,952 Shares as enlarged by the allotment and issue of all the Subscription Shares, assuming no further change in the share capital structure of the Company from the date of this announcement and up to the Completion.

The aggregate Subscription Price for all the Subscription Shares is approximately HK\$340 million. The aggregate Subscription Price shall be used as general working capital of the Group and for future investment opportunities of the Group. As at the date of this announcement, the Company has not identified any investment opportunities. The Subscription Shares will be issued under the General Mandate.

The Completion is conditional upon the conditions precedent being fulfilled by the Long Stop Date.

**Shareholders and potential investors should note that Completion is subject to fulfilment of the conditions under the Subscription Agreement. As the Subscription may or may not complete, Shareholders and potential investors of the Company 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.**

The Board is pleased to announce that on 21 March 2017, after trading hours, the Company entered into the Subscription Agreement with the Subscriber.

## **THE SUBSCRIPTION AGREEMENT**

The Company entered into the Subscription Agreement with the Subscriber, who is introduced by the Adviser to the Company.

### **Date**

21 March 2017 (after trading hours)

### **Parties**

Issuer:           The Company

Subscriber:       Wealth Bloom Investment Limited acting as general partner for and on behalf of Fundfleet Investment Limited Partnership

The Subscriber is an exempted limited partnership registered in the Cayman Islands under The Exempted Limited Partnership Law 2014. The Subscriber focuses on investing in equity shares. The general partner of the Subscriber is Wealth Bloom. Wealth Bloom is owned by SFUND International Investment Fund Management Limited, a company incorporated in Hong Kong with Limited liability.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, each of Wealth Bloom and Fundfleet, and their respective ultimate beneficial owner is an Independent Third Party. The Subscriber was introduced to the Company by Octal Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Octal Capital Limited is entitled to a referral commission of 2% of the amount of the aggregate subscription price under the Subscription payable after completion of the Subscription.

## **The Subscription**

Pursuant to the Subscription Agreement, the Subscriber has conditionally agreed to subscribe for 503,703,704 Subscription Shares at the Subscription Price of HK\$0.675 per Subscription Share, representing approximately 8.37% of the issued share capital of the Company as at the date of this announcement, and approximately 7.73% of the issued share capital as enlarged by the issue of the Subscription Shares (assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion save for the issue of the Subscription Shares).

## **Condition of the Subscription**

The Completion is conditional upon the following conditions having been fulfilled:

- (a) the Stock Exchange having granted the listing of, and permission to deal in, the Subscription Shares and such permission has not been revoked or cancelled before the Completion;
- (b) all issued shares of the Company are listed on the Stock Exchange at the time of the entering of the Subscription Agreement and the Completion;
- (c) all warranties and representations by the Company under the Subscription Agreement being true and accurate and not misleading;
- (d) the Company has obtained all necessary consents and approvals for all transactions contemplated under the Subscription Agreement; and
- (e) there is no event in which the Subscriber reasonably considers to be likely to have a material adverse effect on the Share price of the Company nor on the business or financial position or prospects of each member of the Group (including but not limited to any legal changes or changes in local or international securities markets or deterioration).

None of the conditions above could be waived by the parties to the Subscription Agreement.

In the event such condition is not fulfilled by 5:00 p.m. on the Long Stop Date, all rights, obligations and liabilities of the parties under the Subscription Agreement in relation to the Subscription shall cease and determine and neither parties thereunder shall have any claim against the other party in respect of the Subscription save for any antecedent breach and/or any rights or obligations which may have accrued under the Subscription Agreement prior to such termination.

### **The Subscription Price**

The Subscription Price of HK\$0.675 per Subscription Share represents:

- (i) a discount of approximately 10% to the closing price of HK\$0.75 per Share as quoted on the Stock Exchange on 21 March 2017, being the date of the Subscription Agreement; and
- (ii) a discount of approximately 10% to the average closing price of HK\$0.75 per Share as quoted on the Stock Exchange for the last five trading days up to and including 20 March 2017, being the last trading day immediately prior to the date of the Subscription Agreement.

The Subscription Price of HK\$0.675 per Subscription Share was determined on arm's length basis between the Company and the Subscriber based on current market conditions and the prevailing market price of the Shares. The Directors consider that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The aggregate Subscription Price for all the Subscription Shares is approximately HK\$340 million. The Subscription Price shall be used as general working capital of the Group and for future investment opportunities of the Group. As at the date of this announcement, the Company has not identified any investment opportunities.

## **The Subscription Shares and their ranking**

A total of 503,703,704 Subscription Shares will be allotted and issued by the Company under the Subscription representing (i) approximately 8.37% of the existing share capital of the Company of 6,014,635,248 Shares as at the date of this announcement; and (ii) approximately 7.73% of the issued share capital of the Company of 6,518,338,952 Shares as enlarged by the allotment and issue of all the Subscription Shares, assuming no further change in the share capital structure of the Company from the date of this announcement and up to the Completion. The aggregate nominal value of the Subscription Shares under the Subscription will be HK\$50,370,370.40.

The net subscription price under the Subscription is approximately HK\$0.66 per Placing Share.

The Subscription Shares shall rank *pari passu* among themselves and with all the Shares in issue as at the date of the Completion.

## **General Mandate**

The Subscription 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 number of the issued Shares as at the date of the resolution. Under the General Mandate, the Directors are authorized to allot, issue and deal with up to 20% (being 1,136,727,049 Shares) of the then number of issued Shares (being 5,683,635,248 Shares). Up to the date of this announcement:

- (a) 34,102,724 Shares under the General Mandate have been earmarked under the acquisition by the Group as disclosed in the announcements dated 21 April 2015 and 9 January 2017 but have not yet been issued,
- (b) 331,000,000 Shares under the General Mandate was issued on 24 February 2017 for completion of the subscription of Shares as disclosed in the announcement dated 13 February 2017; and

- (c) the remaining 771,624,325 Shares under the General Mandate will be utilized for the allotment and issue of the Subscription Shares at Completion, which will be sufficient for the purpose.

The Subscription is not subject to Shareholders' approval as the Subscription Shares will be issued under the General Mandate.

Other than the above, there are 267,920,621 shares available to be utilised under the General Mandate.

### **Completion of the Subscription**

Completion of the Subscription will take place within five Business Day after the fulfilment of the conditions in respect of the Subscription Agreement or such other date as the Company and the Subscriber may agree.

### **Application for Listing**

Application will be made by the Company to the Stock Exchange for the listing of and permission to deal in the Subscription Shares.

## EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structures of the Company as at the date of this announcement and immediately after the Completion of the Subscription are as follows (assuming there will not be any change in the issued share capital of the Company from the date of the Subscription Agreement to the Completion Date save for the allotment and issue of the Subscription Shares):

Names of Shareholders	As at the date of this announcement		Immediately after the Completion	
	No. of Shares	Approx. %	No. of Shares	Approx. %
Champion Ever Limited (Note 1)	2,691,684,436	44.75	2,691,684,436	41.29
Galaxy King Limited (Note 1)	586,486,402	9.75	586,486,402	9.00
Champion Golden Limited (Note 1)	50,017,949	0.83	50,017,949	0.77
Bao Jun (Note 2)	45,000,000	0.75	45,000,000	0.69
<i>Public Shareholders:</i>				
The Subscriber	0	0	503,703,704	7.73
Other public Shareholders	<u>2,641,446,461</u>	<u>43.92</u>	<u>2,641,446,461</u>	<u>40.52</u>
Total	<u>6,014,635,248</u>	<u>100.00</u>	<u>6,518,338,952</u>	<u>100.00</u>

### Notes:

- 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 2,691,684,436 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.
- Mr. Bao Jun is an executive Director.

Upon Completion of the Subscription Agreement and the allotment and issue of all the Subscription Shares to each of the Subscriber, it is expected the Subscriber will not become a substantial shareholder of the Company.

## **REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS**

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.

The aggregate Subscription Price for all the Subscription Shares is approximately HK\$340 million. The net proceeds of the Subscription Price will be used as general working capital of the Group and for future investment opportunities of the Group. As at the date of this announcement, the Company has not identified any investment opportunities..

The Directors have considered various ways of raising funds and are of the view that the Subscription will provide a good opportunity to raise additional funds to strengthen the financial position and broaden the capital base of the Group so as to improve its cash reserve and to facilitate its on-going development of the Group. Accordingly, the Board considers that the Subscription is in the interests of the Company and the Shareholders as a whole.

## **FUND RAISING ACTIVITY IN THE PAST TWELVE MONTHS**

The Company has conducted the following other fund raising exercises in the past twelve months immediately before the date of this announcement:

<b>Date of announcement</b>	<b>Event</b>	<b>Net Proceeds</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
13 February 2017	Subscription	Approximately HK\$224.75 million	General working capital of the Group and for future investment opportunities of the Group	Settlement of trade payment

## **WARNING NOTICE**

**Shareholders and potential investors should note that Completion is subject to fulfilment of the conditions under the Subscription Agreement. As the Subscription may or may not complete, Shareholders and potential investors of the Company 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, unless the context otherwise requires, the following terms shall have the following meanings:

“associate(s)”	with the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding Saturdays, Sundays and public holidays) on which banks generally are open for business in Hong Kong
“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
“Completion”	completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement
“Completion Date”	within five Business Day after the fulfilment of the conditions in respect of the Subscription Agreement or such other date as the Company and the Subscriber may agree
“Directors”	directors of the Company
“Fundfleet”	Fundfleet Investment Limited Partnership, an exempted limited partnership registered in the Cayman Islands under The Exempted Limited Partnership Law 2014
“General Mandate”	the authority approved by the shareholders of the Company at the annual general meeting of the Company held on 23 September 2016 to authorize the Directors to allot and issue new Shares up to 20% (being 1,136,727,049 Shares) of the number of issued Shares as at the date where the relevant resolutions passed (being 5,683,635,248 Shares)
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party (Parties)”	third party (parties) independent of the Company and its connected persons (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	5 April 2017
“Share(s)”	ordinary shares in the Company of HK\$0.10 each
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subscriber”	Wealth Bloom acting as general partner for and on behalf of Fundfleet Investment Limited Partnership
“Subscription”	the subscription of the Subscription Shares pursuant to the terms of the Subscription Agreement
“Subscription Agreement”	the agreement in relation to the Subscription entered into between the Company and the Subscriber on 21 March 2017 (after trading hours)
“Subscription Price”	HK\$0.675 per Subscription Share
“Subscription Shares”	the new Shares to be subscribed by the Subscriber under the Subscription Agreement

“substantial shareholder”	with the meaning ascribed thereto under the Listing Rules
“Wealth Bloom”	Wealth Bloom Investment Limited, a company incorporated in the Cayman Islands with limited liability, and the general partner of Fundfleet
“%”	per cent.

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

Hong Kong, 21 March 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.*