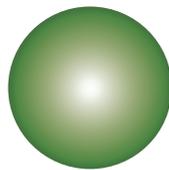


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元亨燃氣

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)

DISCLOSURE UNDER RULES 13.17 AND 13.18 RELATING TO THE EXTENSION OF THE MATURITY DATE AND AMENDMENTS TO THE TERMS OF THE 8% SECURED GUARANTEED NOTES

On 17 May 2022, after trading hours, the Company, Champion Ever, Galaxy King, Mr Wang and the Purchaser entered into the Second Amendment Agreement, pursuant to which the parties have agreed to revise certain terms and further extend the maturity date under the Notes to 30 April 2024.

Payment obligations and the performance of all the obligations of each of the Obligors under the Notes and the Transaction Documents are secured by the Security Documents entered into by the Chargors and Mr. Wang. No terms or specific performance obligations of Mr. Wang and the Chargors under the Personal Guarantee and the Amendment Deeds have been changed and they will remain in full force for the revised term of the Notes.

Mr. Wang, and the Chargors (i.e. Champion Ever and Galaxy King) also entered into the Second Amendment Agreement to acknowledge and confirm their continuing obligations under their respective Security Documents.

As at the date of this announcement, the Chargors have charged an aggregate of 1,770,000,000 Shares, representing approximately 27.04% of the entire issued share capital of the Company, in favour of the Purchaser as continuing security for the obligations under the Transaction Documents.

This announcement is made pursuant to Rules 13.17 and 13.18 to provide the necessary update of the specific performance obligations of Mr. Wang and his two investment vehicles under the revised and extended terms of the Notes.

Reference is made to the announcements of the Company dated 27 April 2018, 4 May 2018, 30 May 2018, 29 April 2020, 12 March 2021 and 1 April 2021 in relation to the issuance of the Notes by the Company of which an aggregate principal amount of HK\$189,000,000 remained outstanding as at the date of this announcement.

The Board announces that on 17 May 2022, after trading hours, the Company, Champion Ever, Galaxy King, Mr Wang and the Purchaser entered into the Second Amendment Agreement, pursuant to which the parties have agreed to further extend the maturity date under the Notes to 30 April 2024 and to revise certain terms of the Subscription Agreement and the Note Instrument as set out below in further details.

THE SECOND AMENDMENT AGREEMENT

Set out below are the principal terms of the Second Amendment Agreement:

Date:

17 May 2022

Parties:

- (i) Issuer: The Company
- (ii) Chargors:
 - (1) Champion Ever, which is principally engaged in investment holding
 - (2) Galaxy King, which is principally engaged in investment holding
- (iii) Personal Guarantor: Mr. Wang, who is the chairman of the Board and an executive Director, and is the beneficial owner of 100% equity interests in Champion Ever and Galaxy King
- (iv) Purchaser: CCB International Overseas Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, as at the date of the Second Amendment Agreement, each of the Purchaser and its ultimate beneficial owner, China Construction Bank Corporation, a company established in the PRC (whose H shares are listed on the Stock Exchange (Stock Code: 939) and A shares are listed on the Shanghai Stock Exchange (Stock Code: 601939)), is an Independent Third Party and the Purchaser is principally engaged in investment holdings and its ultimate beneficial owner is principally engaged in banking, financial and investment business.

Principal terms of the Second Amendment Agreement

The following summarises the principal terms of the Second Amendment Agreement and the terms are arrived at after arm's length negotiations between the Purchaser and the Company and will become effective on the Effective Date when the conditions precedent as further described below are satisfied or otherwise waived by the Purchaser.

(i) *Revised Maturity Date*

The maturity date is revised to 30 April 2024, on which the outstanding principal amount payable under the Notes becomes due and payable.

(ii) *Minor changes and updates to certain representations and warranties of the Subscription Agreement*

Certain representations and warranties have been updated and revised due to the passage of time and change of circumstances which the Board does not consider material or will have any material impact to the Company as a whole.

Save as the above revisions, other principal terms (including, among other matters, the interest rates) of the Notes remain unchanged. However, under the Second Amendment Agreement, the Company has provided an updated undertaking to the Noteholder for the repayment of the outstanding loan in the following manner.

(iii) *Undertaking of the Company*

The Company undertakes to the Purchaser to redeem the Notes in instalments together with (i) any accrued but unpaid interest (including any Default Interest) and outstanding Handling Fee on such instalment; and (ii) any outstanding amounts under the Transaction Documents relating to such instalment in accordance with the following timetable:

Date of redemption	Principal amount of the Notes to be redeemed	Outstanding balance of the principal amount of the Notes after the redemption
Not later than 31 December 2022 (or such other date as may be agreed by the Purchaser in its sole and absolute discretion)	HK\$21,000,000	HK\$168,000,000
Not later than 30 April 2024	<u>HK\$168,000,000</u>	HK\$0
Total	<u><u>HK\$189,000,000</u></u>	

The above terms and undertaking of the Company will become effective on the Effective Date when the conditions precedent are satisfied or waived by the Purchaser.

Conditions precedents to the Second Amendment Agreement

The Second Amendment Agreement is conditional on the following conditions precedents having been satisfied or otherwise waived by the Purchaser on or before the Effective Date:

- (a) the Purchaser having obtained and performed all necessary external, internal and corporate approvals and checks under all applicable laws regarding the Second Supplemental Transaction Documents (as defined in the Second Amendment Agreement) and such approvals remaining valid and having not been revoked as at the Effective Date;
- (b) the representations and warranties as set out in the Subscription Agreement (as amended or replaced by the Second Amendment Agreement) remaining true, accurate and not misleading in each case in accordance with their terms;
- (c) since the date of the Second Amendment Agreement, there having been, in the opinion of the Purchaser, no Material Adverse Change (as defined in the Subscription Agreement);
- (d) the following documents, each in the form and substance satisfactory to the Purchaser, having been delivered by the Company to the Purchaser:
 - (i) an original of the Second Supplemental Note Instrument dated the Effective Date duly executed and delivered as a deed poll by the Company;
 - (ii) an original of a duly executed certificate of each of the Company, Champion Ever, and Galaxy King dated the Effective Date substantially in the form set out in the Second Amendment Agreement;
 - (iii) a certified true copy of each of the resolutions of the board of directors of the Company and the resolutions of all director(s) and all shareholder(s) of each of Champion Ever and Galaxy King:
 - (1) approving the terms of, the transactions contemplated by, and the execution and performance of the Second Supplemental Transaction Documents (as defined in the Second Amendment Agreement) to which it is a party and resolving that it executes and delivers the Second Supplemental Transaction Documents to which it is a party;
 - (2) authorising a specified person or persons to execute and deliver the Second Supplemental Transaction Documents to which it is a party on its behalf; and
 - (3) authorising a specified person or persons, on its behalf, to sign, execute and/or despatch all documents and notices to be signed, executed and/or despatched by it under or in connection with the Second Supplemental Transaction Documents to which it is a party;
- (e) receipt by the Purchaser of legal opinions issued by the Purchaser's legal advisers in relation to Hong Kong, Bermuda and the BVI laws as of the Effective Date each addressed to and in a form satisfactory to the Purchaser; and

- (f) receipt by the Purchaser of evidence showing that the Company has duly settled the legal fees of the Purchasers' legal advisers.

The Board has performed all obligations and produced all documents to the Purchaser of all the above conditions precedents on 17 May 2022 already and there has been no indication from the Purchaser that any of the conditions precedents will not be able to be satisfied on or before the Effective Date, as a result the Board anticipates that the terms to the Second Amendment Agreement will become effective on the Effective Date.

In the very unlikely event there is any unexpected event that may affect the satisfaction of any of the conditions precedents, such as sudden lockdowns or business disruptions due to geopolitical or social health events, the Board has been liaising with the Purchaser and is expected necessary waiver(s) will be obtained from the Purchaser.

Mr. Wang has also confirmed to the Board that he has sufficient available financial resources to support the Group in the very unlikely event that the Second Amendment Agreement will not become effective on the Effective Date or at all. Further announcement will be made by the Company as and when necessary.

The Security Documents and specific performance obligations of the controlling shareholders

Payment obligations and the performance of all the obligations of each of the Obligors under the Notes and the Transaction Documents are secured by the Security Documents entered into by the Chargors and Mr. Wang.

The Personal Guarantee provided by Mr. Wang shall continue to be, which Mr. Wang unconditionally and irrevocably guarantees the due and punctual performance by each of the Obligors under the Transaction Documents, including payment of all sums due and payable by the Obligors under the Transaction Documents.

The Amendment Deeds entered into by the Chargors provide continuing security for the obligations under the Transaction Documents.

No terms or specific performance obligations of Mr. Wang and the Chargors under the Personal Guarantee and the Amendment Deeds have been changed and they will remain in full force for the revised term of the Notes.

Mr. Wang, and the Chargors (i.e. Champion Ever and Galaxy King) also entered into the Second Amendment Agreement to acknowledge and confirm their continuing obligations under their respective Security Documents.

As at the date of this announcement, the Chargors have charged an aggregate of 1,770,000,000 Shares, representing approximately 27.04% of the entire issued share capital of the Company, in favour of the Purchaser as continuing security for the obligations under the Transaction Documents.

REASONS FOR ENTERING INTO THE SECOND AMENDMENT AGREEMENT

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.

The Company have been utilising the proceeds from the issue of the Notes for developing its principal business, including purchase of natural gas and settlement of expenses of the issue of the Notes.

The Board have considered that further extending the maturity date of the Notes will not result in any dilution effect on the shareholding of the existing Shareholders while it will continue to provide a good opportunity to strengthen the Company's financial position.

The Board is also pleased and taking into account that Mr. Wang is willing to continue to provide support to the Group by continuing the above mentioned securities, personal guarantee and financial assistance to the Group.

Taking into account the factors above, the Board considers that the revised terms to the Subscription Agreement and the Note Instrument under the Second Amendment Agreement and the Second Supplemental Note Instrument are subject to arm's length negotiation with the Purchaser and are on normal commercial terms or better and in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Pursuant to the Second Amendment Agreement, the Chargors and Mr. Wang, each being a connected person of the Company, are required to continually provide collateral security and personal guarantee for the revised and extended terms of the Notes, and the provision of such collateral security and personal guarantee (and thus financial assistance) by such connected persons of the Company constitute connected transactions of the Company under Chapter 14A of the Listing Rules. Given that no security over the assets of the Group or financial assistance is granted to the Chargors and Mr. Wang, in respect of the grant of financial assistance by them to secure the Company's obligations under the Second Amendment Agreement and the Second Supplemental Note Instrument and such grant of financial assistance by the Chargors and Mr. Wang is for the benefit of the Company on normal commercial terms (or better to the Company), such grant of financial assistance is fully exempted from the reporting, announcement and independent Shareholders' approval requirements of Chapter 14A of the Listing Rules under Rule 14A.90 of the Listing Rules.

This announcement is made pursuant to Rules 13.17 and 13.18 to provide the necessary update of the specific performance obligations of Mr. Wang and his two investment vehicles under the revised and extended terms of the Notes.

GENERAL

The Shareholders and prospective investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Amendment Deeds”	the amendment deeds both dated 4 May 2020 to the Share Charges entered by Champion Ever and Galaxy King, respectively, and the Purchaser
“Board”	the board of Directors
“Business Day”	a day on which commercial banks and foreign exchange markets settle payments in Hong Kong, excluding any day in Hong Kong on which a typhoon signal number 8 or above or a “black” rainstorm warning is hoisted
“BVI”	the British Virgin Islands
“Champion Ever”	Champion Ever Limited, a company incorporated in the BVI, being the controlling shareholder of the Company and is 100% legal and beneficially owned by Mr. Wang
“Charged Shares”	the Shares that are subject to the Share Charges as amended from time to time
“Chargors”	Champion Ever and Galaxy King, and Chargor means any one of them
“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(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Effective Date”	means 20 May 2022 (provided that each of the conditions precedent has been satisfied or otherwise waived by the Purchaser on or before this date) or such other date as the Company and the Purchaser may agree in writing
“Galaxy King”	Galaxy King Limited, a company incorporated in the BVI, which is 100% legal and beneficially owned by Mr. Wang

“Group”	the Company and its subsidiaries (as defined in the Listing Rules) from time to time
“Handling Fee”	such handling fee to be paid by the Company to the Purchaser under the Subscription Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	third parties independent of the Company and connected persons of the Company, and an “Independent Third Party” shall be construed accordingly
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wang”	Mr. Wang Jianqing, the Chairman of the Board and an executive Director, and also the controlling shareholder of the Company
“Note Instrument”	the note instrument dated 4 May 2018 (as amended by the supplemental note instrument dated 4 May 2020) executed by the Company creating and constituting the Notes
“Noteholder(s)”	the Purchaser, being the sole holder of the Note, and where context requires, shall mean holder(s) of any amount of the Notes from time to time
“Notes”	the secured guaranteed notes issued by the Company on 4 May 2018 and 30 May 2018 in the aggregate principal amount of up to HK\$300,000,000
“Obligors”	the Company, Champion Ever, Galaxy King and Mr. Wang, and “Obligor” means any one of them
“Personal Guarantee”	the deed of guarantee dated 27 April 2018 and executed and delivered by Mr. Wang in favour of the Purchaser
“PRC”	the People’s Republic of China, for the purposes of this announcement only, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan

“Purchaser”	CCB International Overseas Limited, a company incorporated in Hong Kong with limited liability
“Revised Maturity Date”	30 April 2024, on which the outstanding principal amount payable under the Notes becomes due and payable
“Second Amendment Agreement”	the second supplemental deed dated 17 May 2022 relating to the Subscription Agreement and entered into by the parties thereto
“Second Supplemental Note Instrument”	the second supplemental note instrument to be executed by the Company and dated 20 May 2022 relating to the Note Instrument pursuant to the Second Amendment Agreement
“Second Supplemental Transaction Documents”	(a) the Second Amendment Agreement; (b) the Second Supplemental Note Instrument; and (c) the relevant documents required to be executed or delivered pursuant to such documents, and is each designated as a Transaction Document pursuant to the Subscription Agreement
“Security Documents”	(i) the Personal Guarantee; (ii) the Share Charges; (iii) the Amendment Deeds; and (iv) any document constituting any security granted in favour of the Purchaser from time to time under or in connection with the Transaction Documents or the Notes
“Share Charges”	two share charges dated 27 April 2018 executed and delivered by Champion Ever and Galaxy King respectively in favour of the Purchaser over certain number of Shares
“Shareholder(s)”	holder(s) of the Shares
“Shares”	ordinary shares with a nominal value of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement dated 27 April 2018 (as amended by a supplemental deed dated 29 April 2020) and entered into by and among the Company, Champion Ever, Galaxy King, Mr. Wang and the Purchaser
“Trading Day”	a day when the Stock Exchange is open for dealing business

“Transaction Documents”

(i) the Subscription Agreement; (ii) the Note Instrument; (iii) the certificates of the Notes (together with terms and condition attached); (iv) the Security Documents; (v) the Second Supplemental Transaction Documents; and (vi) any other documents designated in writing by the Company and the Purchaser, and any supplemental or amendment agreements, letters or deeds supplementing or amending such documents entered into from time to time

“%”

per cent

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

Hong Kong, 17 May 2022

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