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## **PetroAsian Energy Holdings Limited**

### **中亞能源控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 850 & Warrant code: 344)**

#### **FURTHER SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE PROPOSAL OF CHANGE OF JOINT AUDITORS**

Reference is made to the announcements (the “**Announcements**”) of PetroAsian Energy Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 24 May 2010 and 4 June 2010 in relation to, inter alia, the proposed change of auditors of the Group. Capitalised terms used herein shall have the same meanings as those defined in this the Announcements unless the context requires otherwise.

The Board announces that on 10 June 2010, the Company received a letter from Baker Tilly dated 9 June 2010 (the “**9 June Letter**”) in response to our Response Letter and the Announcements.

The Directors do not consider the 9 June Letter contained any material information on the subject matter to be considered at the EGM. The Directors are of the opinion that all necessary information for the Shareholders to form an informed decision regarding the resolutions to be approved at the EGM as set out in the Notice have been included in the Circular. Nonetheless, for the purpose of transparency, full text of the 9 June Letter is set out below.

The Directors are of the view that the difference in opinion between the Board and Baker Tilly as to whether Baker Tilly should step down as one of the joint auditors of the Company is irrelevant to the decision as regards the proposed resolutions at the EGM which would deal with the removal (and not the resignation) of Baker Tilly.

The Directors also do not consider that the decisions on management and operation of the Company should be dictated or influenced by the proposed outgoing joint auditors of the Company. In particular, the Directors consider that the valuable management time of the Group should better be spent on the audit of the financial statements of the Group for the year ended 31 March 2010 rather than dragging on issues for the resignation or not of Baker Tilly and for further justifying the grounds for their resignation when the proposed removal is being conducted in accordance with the relevant laws, regulations and the articles of association of the Company.

As such, the Directors do not consider it is necessary for the Company to make further responses to the 9 June Letter save and except that as at the date hereof, there is no outstanding bill in respect of the fees and expenses for the time Baker Tilly spent on the Company’s affairs during their current term of office.

By Order of the Board  
**PetroAsian Energy Holdings Limited**  
**POON SUM**  
*Chairman*

11 June 2010, Hong Kong

*As at the date of this announcement, the Board consists of (i) three executive Directors namely Mr. POON Sum (Chairman), Mr. WONG Kwok Leung and Mr. POON Wai Kong; (ii) three independent non-executive Directors, namely Mr. CHAN Shu Kin, Mr. CHAN Kam Ching, Paul and Mr. CHEUNG Kwan Hung.*

The following is a reproduction of the full text of the 9 June Letter:

9 June 2010

The Directors  
PetroAsian Energy Holdings Limited  
Suite 1006, 10/F Ocean Centre,  
Harbour City,  
Tsim Sha Tsui,  
Kowloon, Hong Kong

Dear Sir,

**PetroAsian Energy Holdings Limited (the “Company”)**

We refer to the Announcements by the Company to The Stock Exchange of Hong Kong Limited (“SEHK”) of 28 May 2010 and 4 June 2010 and to our letter dated 28 May 2010 and the Directors’ response to our letter contained in the Announcement of 4 June 2010.

**We consent to this letter being supplied to the SEHK and to the holders of securities of the Company.**

We do not wish to engage in a shuffling of correspondence on this matter. We stand by the observations made in our letter of 28 May 2010 which are a statement of the actual events. We do not see how reproducing the Directors’ own draft Announcement, which was the last draft Announcement that we were shown, can, in any way, be said to project “an utterly unfair and misleading picture to the public”.

We make it clear, again, that had the Directors asked us to step down in an orderly and appropriate process, say at the next Annual General Meeting, we would have done so. In our opinion, the various reasons for the change in auditors as communicated to us by the Directors and the joint auditors as illustrated in our letter were not appropriate or cogent reasons for us to resign during our current term of office, particularly so late in that term.

As we said in earlier communications, the Directors’ response and the Announcements do not, in our opinion, fully reflect the circumstances of and reasons for the proposed change of auditors as communicated to us by Directors and by the joint auditors orally and in writing. Consequently, we are not certain that the reasons for our proposed replacement set out in the Announcements fully reflect the circumstances of and reasons for the proposed change of auditors.

Also, in our opinion, it is matter for the attention of holders of the Company’s securities that the Directors will not entertain our request to attend and speak at the forthcoming General Meeting. We are aware that Cayman Islands law and the Company’s M&A do not oblige the Company to allow, or to propose a resolution to allow, attendance at a General Meeting by the auditors.

Our request to be allowed to attend and speak at the General Meeting was made in the interests of good governance and fair dealing by the Directors providing us with an entitlement which is provided under the Hong Kong Companies Ordinance.

For the purposes of the request from the SEHK under Listing Rule 13.51(4) referred to in the company’s email of 7 June 2010, we confirm that, at this time, apart from the matters in our letter of 28 May and in this letter and of the matter of fees and expenses due to us from the Company in respect of time we have spent on the Company’s affairs during our current term of office, there are no other matters that should be brought to the attention of holders of securities of the company.

Yours faithfully,

(s.d)  
Paul Phenix  
Director — Technical and Regulatory Affairs  
For and on behalf of  
Baker Tilly Hong Kong Limited