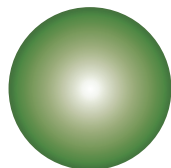


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元亨燃氣

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)

**UPDATE ON THE SHARE TRANSACTION
AND ISSUE OF CONSIDERATION SHARES
IN RELATION TO THE ACQUISITION OF 50% ISSUED CAPITAL OF
GUIZHOU GAS (GROUP) XISHUI JINQIAO GAS CO., LIMITED**

The Company has recently been informed by the Target that the outstanding condition precedent, being the fire safety planning and permission, has been issued by the relevant fire department at Zunyi City, Guizhou Province.

The Company has recently reviewed and confirmed that the Target has been carrying out its business the way as intended, and all the conditions precedent relating to the Target have been and remain satisfied, save for the condition for obtaining the listing approval regarding the issuance of the Consideration Shares.

The Consideration Shares will be issued by the Company utilizing the 2017 General Mandate and the issue price of the Consideration Shares will be adjusted to HK\$0.75 and a total of 27,282,179 Consideration Shares, representing about 0.4185% of the existing issued Shares of the Company as at the date of this announcement and about 0.4168% of the enlarged issued Shares of the Company by the issue of the Consideration Shares.

The Board considers that the revised issue price of the Consideration Shares is fair and reasonable taking into account the terms of the Acquisition as a whole and the extended period for fulfilling the conditions precedent and is in the interest of the Company and the Shareholders as a whole.

An application will be made to the Stock Exchange for the listing of, and permission to deal with the Consideration Shares.

Reference is made to the announcements of Yuan Heng Gas Holdings Limited (the “**Company**”) dated 21 April 2015, 22 April 2015, 2 July 2015, 30 September 2015, 30 November 2015, 30 June 2016, 30 December 2016, 9 January 2017 and 29 December 2017 (collectively the “**Announcements**”) in relation to the Acquisition. Unless otherwise defined, capitalized terms used in this announcement have the same meanings as defined in the Announcements.

The Company has recently been informed by the Target that the outstanding condition precedent, being the fire safety planning and permission, has been issued by the relevant fire department at Zunyi City, Guizhou Province dated 28 May 2018.

Since an extended period of time has passed after the signing of the Agreement, the Company has recently reviewed and confirmed that as at the date of this announcement, the Target has been carrying out its business the way as intended, and all the conditions precedent relating to the Target have been and remain satisfied, save for the condition for obtaining the listing approval regarding the issuance of the Consideration Shares.

As announced on 29 December 2017, the deadline for fulfillment of remaining outstanding conditions precedent was extended to 31 December 2018 by a supplemental agreement dated 29 December 2017.

Accordingly, since amendments were made to the terms of the Agreement on 29 December 2017, the Consideration Shares will be issued by the Company utilizing the existing general mandate granted to the Directors by the Shareholders at the annual general meeting held on 4 September 2017 (the “**2017 General Mandate**”), among other things, to allot, issue and deal with up to 20% (being 1,303,667,790 Shares) of the then issued share capital of the Company as at the date of the said annual general meeting (being 6,518,338,952 Shares), instead of any previous general mandate based on the Agreement or any previous supplemental agreement(s).

Pursuant to the Agreement, the issue price of the Consideration Shares will be based on, and not less than, the closing price of the Shares on the date of the Agreement. The initial issue price was determined to be HK\$0.60, which was the closing price of the Shares as at the date of the Agreement. However, since an extended period of time has passed after the signing of the Agreement and a supplemental agreement was entered on 29 December 2017, the issue price of the Consideration Shares will be adjusted to HK\$0.75, and represent:

- (a) a discount of about 19.35% to the closing price of HK\$0.93 per Share as quoted on the Stock Exchange on 29 December 2017 (being the date of the signing of the latest supplemental agreement);
- (b) a discount of about 18.48% to the average closing price of HK\$0.92 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 29 December 2017;

- (c) a premium of 25% over the closing price of HK\$0.60 per Share as quoted on the Stock Exchange on 21 April 2015 (being the date of the Agreement); and
- (d) a premium of about 2.74% over the closing price of HK\$0.73 per Share as quoted on the Stock Exchange on 21 June 2018 (being the date of this announcement).

Up to the date of this announcement, no new Shares have been issued under the 2017 General Mandate. Based on the issue price of HK\$0.75 per Consideration Share (and the conversion of RMB16,400,000 into HK\$20,461,634.40 based on the exchange rate of RMB0.8015 to HK\$1.00), a total of 27,282,179 Consideration Shares, representing about 0.4185% of the existing issued Shares of the Company as at the date of this announcement, and about 0.4168% of the enlarged issued Shares of the Company by the issue of the Consideration Shares, will be allotted and issued.

When the Consideration Shares are issued and allotted, it will utilize about 2.09% of the 2017 General Mandate and 1,276,385,611 Shares will remain available for utilization under the 2017 General Mandate.

The Board considers that the revised issue price of the Consideration Shares is fair and reasonable taking into account the terms of the Acquisition as a whole and the extended period for fulfilling the conditions precedent and is in the interest of the Company and the Shareholders as a whole.

An application will be made to the Stock Exchange for the listing of, and permission to deal with the Consideration Shares.

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

Hong Kong, 21 June 2018

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.