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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)

GRANT OF SHARE OPTIONS TO DIRECTORS AND CHIEF EXECUTIVE OFFICER

(A) GRANT OF OPTIONS TO DIRECTORS OTHER THAN MR. POON AND CHIEF EXECUTIVE OFFICER

The Board announces that on 3 May 2010, the Board resolved to grant an aggregate of 23,800,000 Options to the executive Directors (other than Mr. Poon), independent non-executive Directors and the chief executive officer of the Company.

(B) GRANT OF OPTIONS TO MR. POON

The Board also announces that on 3 May 2010, the Board resolved to grant 50,000,000 Options under the Share Option Scheme to Mr. Poon, an executive Director and a substantial Shareholder.

The grant of the 50,000,000 Options to Mr. Poon is subject to the approval of the Independent Shareholders in a general meeting of the Company in accordance with the requirements of the Listing Rules.

A circular containing, among other things, further details in respect of the grant of the Options to Mr. Poon together with a notice of the EGM will be despatched to the Shareholders as soon as possible.

THE SHARE OPTION SCHEME

Pursuant to the Share Option Scheme, the Directors were authorised to grant options to full-time and part-time employees (including all Directors), advisors and consultants of the Group or any other specified participants who, in the absolute opinion of the Board, have contributed or will contribute to the Group.

On 18 March 2010, the Refreshed Scheme Mandate Limit was approved by a resolution of the Shareholders at the extraordinary general meeting of the Company pursuant to which the Directors were allowed to grant further options under the Share Option Scheme and other share options schemes carrying the right to subscribe for a maximum of 361,737,428 Shares.

(A) GRANT OF SHARE OPTIONS TO DIRECTORS OTHER THAN MR. POON AND CHIEF EXECUTIVE OFFICER

The Board announces that on 3 May 2010, the Board resolved to grant an aggregate of 23,800,000 Options to the executive Directors (other than Mr. Poon where the details of the grant of the Options to him is set out in the section headed “Grant of Options to Mr. Poon” in this announcement), independent non-executive Directors and Chief Executive Officer under the Share Option Scheme. Details of such grants are set out as follows:

Date of grant	:	3 May 2010
Subscription Price	:	HK\$1.25 per Share, which is the highest of (i) HK\$0.01, being the nominal value of a Share; (ii) HK\$1.22, being the closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange on the date of the grant, and (iii) HK\$1.25, being the average of the closing prices of the Shares as stated in the daily quotations sheets on the Stock Exchange from 21 April 2010 to 30 April 2010, both dates inclusive (being the five trading days immediately preceding the date of the grant)

Validity period of the Share Options : one year from 3 May 2010, being the date of the grant, and exercisable upon acceptance of the grant

Consideration for the grant : HK\$1.00 to be paid by each grantee upon acceptance of the grant

Name of grantees	Number of Share Options granted
Mr. Poon Wai Kong (<i>executive Director</i>)	8,000,000
Mr. Chan Kam Ching, Paul (<i>independent non-executive Director</i>)	3,600,000
Mr. Chan Shu Kin (<i>independent non-executive Director</i>)	3,600,000
Mr. Cheung Kwan Hung (<i>independent non-executive Director</i>)	3,600,000
Mr. Leung Kam Lung (<i>chief executive officer</i>)	5,000,000

(B) GRANT OF OPTIONS TO MR. POON

On 3 May 2010, the Board resolved to grant 50,000,000 Options to Mr. Poon, an executive Director and a substantial Shareholder, under the Share Option Scheme.

Mr. Poon has not hold any Existing Option and the proposed grant of 50,000,000 Options to him would result in the securities issued and to be issued upon exercise of all Share Options already granted and to be granted to him in the 12-month period representing in aggregate over 0.1% of the relevant class of securities in issue. Pursuant to Rule 17.04(1) of the Listing Rules, the grant of the Options has been approved by all the independent non-executive Directors on 3 May 2010. However, the grant of Options to Mr. Poon is also subject to the Independent Shareholders' approval to be obtained by the Company and details of which are set out in the paragraph headed "Implication under the Listing Rules" below.

Terms of the Options

Subject to the Independent Shareholders' approval to be obtained by the Company, the Options will be granted in accordance with the terms of the Share Option Scheme and summary of the principal terms of the Options are set out below:

(a) *Duration and the condition*

The Options have a life of one year from 3 May 2010, being the date of the grant of the Options to Mr. Poon, and exercisable upon obtaining Independent Shareholders' approval. There is no special condition or specific performance target to be fulfilled before the Options can be exercised.

(b) *Subscription Price*

The Options are exercisable at the Subscription Price of HK\$1.25 per Share, which is the highest of (i) HK\$0.01, being the nominal value of a Share; (ii) HK\$1.22, being the closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange on the date of the grant of Options, and (iii) HK\$1.25, being the average of the closing prices of the Shares as stated in the daily quotations sheets on the Stock Exchange from 21 April 2010 to 30 April 2010, both dates inclusive (being the five trading days immediately preceding the date of the grant of Options).

(c) *Reasons and consideration for the grant of the Options*

Mr. Poon is an executive Director (since 24 October, 2002) and a substantial Shareholder and the 50,000,000 Options are proposed to be granted to him in recognition of his contribution to the growth of the Group in the past and as an incentive for his continuing commitment and contribution to the Group in the future. The consideration payable on acceptance of the 50,000,000 Options is HK\$1.00.

The details of the other terms of the Options granted to Mr. Poon will be further set out in the circular to be despatched to the Shareholders shortly.

INFORMATION ON OPTIONS GRANTED UNDER THE SHARE OPTION SCHEME

No share options have been granted under the Share Option Scheme pursuant to the Refreshed Scheme Mandate Limit up to the date of this announcement. Assuming that the grant of the Options to Mr. Poon is approved by the Independent Shareholders at the EGM and that no options granted under the Share Option Scheme are exercised from the date of this announcement up to the date of the EGM, the Company will have 146,984,000 Options outstanding immediately after the EGM, representing approximately 4.04% of the total issued share capital of the Company.

For illustration purpose only, the following table shows the changes in the shareholdings of Mr. Poon and his associates in the issued share capital of the Company upon the exercise in full of all the Options and the Existing Options:

	As at the date of this announcement		Upon exercise of the Options in full		Upon exercise of the Existing Options in full	
	<i>Number of Shares held</i>	<i>Approximate shareholding percentage</i>	<i>Number of Shares held</i>	<i>Approximate shareholding percentage</i>	<i>Number of Shares held</i>	<i>Approximate shareholding percentage</i>
Mr. Poon (<i>Note 1</i>)	182,770,453	5.02%	232,770,453	6.27%	232,770,453	6.25%
Mr. Poon Sau Tin (<i>Note 2</i>)	36,292,453	1.00%	36,292,453	0.98%	36,292,453	0.97%
Ever Source Enterprises Limited (<i>Note 3</i>)	377,794,558	10.38%	377,794,558	10.17%	377,794,558	10.14%
Directors and Chief Executive Officer (other than Mr. Poon)	2,895,785	0.08%	26,695,785	0.72%	37,011,785	0.99%
Public Shareholders	3,041,280,371	83.52%	3,041,280,371	81.86%	3,041,280,371	81.65%
Total	<u>3,641,033,620</u>	<u>100.00%</u>	<u>3,714,833,620</u>	<u>100.00%</u>	<u>3,725,149,620</u>	<u>100.00%</u>

Notes:

1. Mr. Poon is the Chairman of the Company.
2. Mr. Poon Sau Tin is the elder brother of Mr. Poon and a substantial Shareholder interested in approximately 11.38% of the entire issued share capital of the Company as at the date of this announcement.
3. The issued share capital of Ever Source Enterprises Limited is beneficially owned as to 50% by Time Concord Limited, a company incorporated in the British Virgin Islands and indirectly owned by a discretionary trust, the beneficiaries of which are family members of Mr. Poon, and as to 50% by Guidance Investments Limited, a company incorporated in the British Virgin Islands and indirectly owned by a discretionary trust, the beneficiaries of which are family members of Mr. Poon Sau Tin.

IMPLICATION UNDER THE LISTING RULES

The 73,800,000 Shares to be issued upon exercise in full of the 73,800,000 Options granted to the executive Directors (including the 50,000,000 Options granted to Mr. Poon), the independent non-executive Directors and chief executive officer represent approximately 2.03% of the total issued share capital of the Company as at the date of this announcement and approximately 1.99% of the total issued share capital of the Company as enlarged by the exercise of such 73,800,000 Options (assuming no Existing Options have been exercised). The Shares falling to be issued upon exercise of the Existing Options and the Options will not exceed 30% of the issued share capital of the Company.

Pursuant to Rule 17.04(1) of the Listing Rules, as Mr. Poon is an executive Director and a substantial Shareholder and the grant of the 50,000,000 Options to him would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted to him in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the issued share capital of the Company and having an aggregate value in excess of HK\$5 million, such grant of Options to him must also be approved by the Independent Shareholders in general meeting by poll with all connected persons of the Company abstaining from voting in favour at the general meeting of the Company. In this regard, Ever Source Enterprises Limited, Mr. Poon and Mr. Poon Sau Tin and other Directors and the chief executive officer of the Company holding 599,753,249 Shares in total, or approximately 16.47% of the total issued Shares as at the date of this announcement, will abstain from voting in favour at the EGM to be convened to approve the grant of the Options to Mr. Poon.

GENERAL

The Directors (including the independent non-executive Directors) consider that the terms of the Options are fair and reasonable. A circular containing, among other things, further details and terms in respect of the grant of the Options together with a notice of extraordinary general meeting will be despatched to the Shareholders as soon as possible.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	board of Directors
“Company”	PetroAsian Energy Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to this term under the Listing Rules
“Directors”	directors of the Company
“EGM”	the extraordinary general meeting to be convened and held by the Company to approve, inter alia, the grant of Options
“Existing Options”	the share options granted under the Share Option Scheme and remain subsisting as at the date of this announcement

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	Shareholders other than Mr. Poon and his connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Poon”	Mr. Poon Sum, an executive Director and a substantial Shareholder
“Options”	together (i) the 23,800,000 options proposed to be granted to the executive Directors (other than Mr. Poon), the independent non-executive Directors and the chief executive officer of the Company; and (ii) the 50,000,000 options proposed to be granted to Mr. Poon under the Share Option Scheme
“Refreshed Scheme Mandate Limit”	the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme to subscribe up to 361,737,428 Shares, representing 10% of the issued share capital of the Company as at the date of approval of the refreshment of scheme mandate under the Share Option Scheme
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Share Option Scheme”	the share option scheme of the Company adopted by resolution of all the Shareholders on 21 October 2002 and amended by the Company on 8 December 2005

“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the price per Share at which a grantee may subscribe for Shares on the exercise of an option under the Share Option Scheme
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“%”	per cent.

By order of the Board
PetroAsian Energy Holdings Limited
Poon Sum
Chairman

Hong Kong, 3 May 2010

As at the date of this statement, the Board comprises (i) three executive directors, namely Mr. Poon Sum, Mr. Wong Kwok Leung and Mr. Poon Wai Kong; and (ii) three independent non-executive directors, namely Mr. Chan Kam Ching, Paul, Mr. Chan Shu Kin and Mr. Cheung Kwan Hung.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.