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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 & Warrants code: 344)

**(1) PLACING OF EXISTING SHARES AND
TOP UP SUBSCRIPTION OF NEW SHARES;
(2) PRIVATE PLACING OF NON-LISTED WARRANTS;
AND
(3) RESUMPTION OF TRADING**

Placing Agent



THE SHARE PLACING AGREEMENT AND SUBSCRIPTION AGREEMENT

On 20 May 2009, Ever Source and the Company entered into the Share Placing Agreement (as amended by the Supplemental Agreement) with the Placing Agent pursuant to which the Placing Agent agreed to place, on a best efforts basis, the Placing Shares comprising in aggregate up to 225,000,000 existing Shares at the Placing Price of HK\$0.325 per Placing Share on behalf of Ever Source to not less than six (6) Share Placees who and whose ultimate beneficial owners will be Independent Third Parties.

On the same date, Ever Source entered into the Subscription Agreement with the Company for the subscription of up to 225,000,000 new Shares at the Placing Price.

The Placing is unconditional. The Subscription is conditional upon (i) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Subscription Shares; and (ii) the completion of the Placing. An application will be made to the Listing Committee of the Stock Exchange for granting approval for the listing of, and permission to deal in, the Subscription Shares.

The Placing Price was arrived at after arm's length negotiations between the Company, Ever Source and the Placing Agent. The Directors consider that the Placing Price, the terms of the Share Placing Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Placing Shares represent approximately 9.77% of the existing issued share capital of the Company and the Subscription Shares represent approximately 8.90% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Subscription Shares are to be issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 26 September 2008.

The net proceeds of the Subscription, after deduction of the Share Placing commission and other related expenses of approximately HK\$1.50 million, will be approximately HK\$71.63 million. The Directors intend to use the net proceeds to finance the potential acquisition of oil and gas project in Tunisia, North Africa.

THE WARRANT PLACING AGREEMENT

On 20 May 2009 the Company also entered into the Warrant Placing Agreement with the Placing Agent in connection with the Warrant Placing, on a best efforts basis, to place up to 77,000,000 Warrants conferring rights to subscribe for up to HK\$34,650,000 in aggregate in cash, for up to 77,000,000 new Shares at the Warrant Exercise Price of HK\$0.45 per Share (subject to adjustment upon the occurrence of any of the Adjustment Events and other dilutive events which may have adverse effects on the rights of the holder of the Warrants) to not less than six (6) Warrant Placees who and their respective ultimate beneficial owners are Independent Third Parties.

The Warrants are to be placed at a Warrant Placing Price of HK\$0.01 per Warrant. The Warrant Placing is conditional upon several conditions as set out in the paragraph headed “Conditions of the Warrant Placing” in the section headed “The Warrant Placing Agreement” in this announcement.

The new Shares issued upon exercise of the subscription rights attaching to the Warrants will be issued under the General Mandate.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the new Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares and warrants on the Stock Exchange was suspended with effect from 9:30 a.m. on 20 May 2009 pending the release of this announcement. Application has been made by the Company for resumption of trading in the Shares and warrants on the Stock Exchange with effect from 9:30 a.m. on 21 May 2009.

(I) THE SHARE PLACING AGREEMENT

Date

20 May 2009

Vendor

Ever Source, which is a substantial Shareholder and currently holds 377,794,558 Shares or approximately 16.41 % of the existing issued share capital of the Company.

Issuer

The Company

Placing Agent

Sun Hung Kai International Limited, who and whose ultimate beneficial owners are Independent Third Parties. The Placing Agent will charge the Company a placing commission of 1.5% of the gross proceeds from the Share Placing. The Share Placing commission was negotiated on arm's length basis between the Company and the Placing Agent and determined with reference to, amongst other things, the market rate and the price performance of the Shares. The Directors consider that the terms of the Share Placing, including the Share Placing commission, are fair and reasonable based on the current market conditions and the Share Placing is in the interests of the Company and the Shareholders as a whole.

Share Placees

The Placing Shares will be placed to not less than six (6) Share Placees which will be independent individual, corporate and/or institutional investors, and who and whose ultimate beneficial owners are Independent Third Parties. Upon completion of the Share Placing, it is expected that none of the Share Placees will become a substantial Shareholder. If any of the Share Placees will become a substantial Shareholder after completion of the Share Placing, further announcement will be made by the Company.

Number of Placing Shares

The Placing Shares of up to 225,000,000 Shares represent approximately 9.77% of the existing issued share capital of the Company as at the date of this announcement.

Share Placing Price

The Share Placing Price of HK\$0.325 represents (i) a discount of approximately 19.75% to the closing price of HK\$0.405 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 7.14% to the average closing price per Share of HK\$0.35 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day.

The Share Placing Price was determined with reference to the prevailing market price and the recent trading volume of the Shares and was negotiated on an arm's length basis between the Company, Ever Source and the Placing Agent. In view of the highly volatile capital market conditions, the Directors (including the independent non-executive Directors) consider that the terms of the Share Placing are fair and reasonable based on the current market condition and that the Share Placing is in the interests of the Company and the Shareholders as a whole.

Rights

The Placing Shares will be sold free from all liens, charges and encumbrances and together with the rights attaching to them, including the right to receive all dividends declared, made or paid after the date of completion of Share Placing.

Condition of the Share Placing

The Share Placing is unconditional.

Share Placing Completion

Completion of the Share Placing is expected to take place on 25 May 2009.

(II) THE SUBSCRIPTION AGREEMENT

Date

20 May 2009

The issuer

The Company

The subscriber

Ever Source, which, as at the date of this announcement, is interested in approximately 16.41% of the existing issued share capital of the Company. Immediately after completion of the Share Placing, the shareholding of Ever Source will be reduced to approximately 6.64% of the existing issued share capital of the Company. The Subscription will then increase the shareholding of Ever Source to approximately 14.95% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Number of Subscription Shares

The number of Subscription Shares shall be up to 225,000,000 Shares. The Subscription Shares represent approximately 9.77% of the existing issued share capital of the Company and approximately 8.90% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Subscription Price

The subscription price is HK\$0.325 per Subscription Share which is equivalent to the Share Placing Price. In line with the market practice, the Company will bear all costs and expenses of the Subscription and will reimburse Ever Source all costs and expenses incurred by Ever Source in respect of the Placing because it is the fund raising conducted by the Company. Based on the estimated expenses for the Placing and the Subscription, the net subscription price is approximately HK\$0.318 per Share.

Ranking of the Subscription Shares

The Subscription Shares, when allotted and issued, will rank equally in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

Conditions of the Subscription

The Subscription is conditional upon the following conditions having been fulfilled by 1 June 2009 (or such other date as may be agreed between the Company and Ever Source):

1. the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Subscription Shares (and such permission and listing not subsequently being revoked prior to the allotment and issue of the Subscription Shares); and
2. completion of the Placing in accordance with the terms of the Share Placing Agreement.

In the event that the conditions of the Subscription are not fulfilled in full by the date stipulated, neither the Company nor Ever Source shall have any obligations and liabilities under the Subscription.

Completion of the Subscription

Completion of the Subscription will take place on the second business day following the fulfillment of all the conditions of the Subscription. The Subscription must be completed on or before 3 June 2009, being 14 days from the date of the Share Placing Agreement. If the Subscription is to be completed thereafter, it will constitute a connected transaction under the Listing Rules and require compliance with all the relevant requirements under Chapter 14A of the Listing Rules, including but not limited to the issue of a separate announcement and approval of the independent Shareholders.

General Mandate to issue the Subscription Shares

The Subscription Shares will be issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 26 September 2008, subject to the limit of 388,546,643 Shares (representing approximately 20% of the aggregate nominal amount of the share capital of the Company in issue on that date). The 225,000,000 Subscription Shares to be allotted and issued will utilise approximately 57.91% of the General Mandate.

As at the date of this announcement, the Company has not utilised the General Mandate.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

(III) THE WARRANT PLACING AGREEMENT

Date

20 May 2009

Issuer

The Company

Placing Agent

Sun Hung Kai International Limited, who and whose ultimate beneficial owners are Independent Third Parties. The Placing Agent will charge the Company a placing commission of 2.5% on the on the aggregate Warrant Placing Price in respect of such number of Warrants placed by it. The Warrant Placing commission was negotiated on arm's length basis between the Company and the Placing Agent and determined with reference to, amongst other things, the market rate and the price performance of the Shares. The Directors consider that the terms of the Warrant Placing, including the Warrant Placing commission, are fair and reasonable based on the current market conditions and the Warrant Placing is in the interests of the Company and the Shareholders as a whole.

Warrant Placees

The Warrant Placees shall be individual, corporate and/or institutional investors and securities dealers. Each of the Warrant Placees and its respective ultimate beneficial owner are Independent Third Parties. The Warrants will be placed to not less than six (6) Warrant Placees.

Number of Warrants

77,000,000 Warrants.

Warrant Placing Price

The Warrant Placing Price is HK\$0.01 per Warrant.

Warrant Exercise Price

The Warrant Exercise Price is HK\$0.45 per new Share, subject to adjustment upon the occurrence of any of the Adjustment Events and other dilutive events which may have adverse effects on the rights of the holder of the Warrants.

The aggregate of the Warrant Placing Price of HK\$0.01 per Warrant and the Warrant Exercise Price of HK\$0.45 per Share, i.e. HK\$0.46, represented a premium of approximately 13.58% over the closing price of HK\$0.405 per Share quoted on the Stock Exchange on the Last Trading Day, and (ii) a premium of approximately 31.43% over the average of the closing prices of HK\$0.35 per Share for the last five trading days for the Shares up to and including the Last Trading Day.

The Warrant Exercise Price of HK\$0.45 per Share represented: (i) a premium of approximately 11.11% over the closing price of HK\$0.405 per Share quoted on the Stock Exchange on the Last Trading Day; and (ii) a premium of approximately 28.57% over the average of the closing prices of HK\$0.35 per Share for the last five trading days for the Shares up to and including on the Last Trading Day.

Both the Warrant Placing Price and the Warrant Exercise Price are determined based on negotiations on arm's length basis between the Company and the Placing Agent with reference to the current strong market sentiment, liquidity flow in the capital market and the historical Share price. The Directors consider that both the Warrant Placing Price and the Warrant Exercise Price are fair and reasonable.

The Warrant Placing Completion Date

Completion will take place on the second Business Day after the fulfillment of the conditions referred to in the section headed "Conditions of the Warrant Placing" below.

Information of the Warrants

The Warrants will be issued to the Warrant Placees upon completion of Warrant Placing in registered form and constituted by a deed poll. The Warrants will rank pari passu in all respects among themselves.

Each Warrant carries the right to subscribe for one (1) new Share at the Warrant Exercise Price and is issued at the Warrant Placing Price.

The subscription rights attaching to the Warrants may be exercised at any time during a period of twenty one months commencing from the date immediately after three months from the date of issue of the Warrants. The new Shares, when fully paid and allotted, will rank pari passu in all respects with the then existing issued Shares of the Company.

Assuming all the Warrants are placed out and a total of 77,000,000 Warrants are proposed to be issued, upon full exercise of the subscription rights attaching to the Warrants, a total of 77,000,000 new Shares will be issued, representing (i) approximately 3.34% of the issued share capital of the Company as at the date of this announcement; (ii) approximately 3.24% of the issued share capital of the Company as enlarged by the allotment and issue of the new Shares from the full exercise of the subscription rights attaching to the Warrants; and (iii) approximately 2.96% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares and the allotment and issue of the new Shares from the full exercise of the subscription rights attaching to the Warrants.

Transferability

The Warrants are transferable in integral multiples of 1,000,000 Warrants. In the event of a transfer of the Warrants to a connected person (as defined in the Listing Rules) of the Company, prior approval from the Company and the Stock Exchange will be obtained. The Company undertakes to comply with the relevant Listing Rules and to make necessary announcement(s), where appropriate, if and when any of the Warrant Placees make any transfer of the Warrants to other parties requiring disclosure.

Force majeure

The Warrant Placing Agreement contains provisions entitling the Placing Agent or the Company shall, with prior consultation with the other of them, have the right to terminate the Warrant Placing Agreement by notice in writing to the other of them at any time prior to 9:00 a.m. on the Warrant Placing Completion Date:

- (i) there develops, occurs or comes into force:
 - (a) any new law or regulation or any change in existing laws or regulations or the interpretation thereof which may in the opinion of the Placing Agent and in its absolute discretion may materially and adversely affect the business or financial condition or prospects of the Group as a whole; or
 - (b) any local, regional, national or international event or change (whether or not permanent or forming part of a series of events or changes occurring or continuing, on and/or after the date hereof) of a political, military, economic or other nature (whether or not ejusdem generis with the foregoing) which, in the sole opinion of the Placing Agent and in its absolute discretion will, or may be expected to, have a material adverse effect on the Warrant Placing; or
 - (c) any significant change (whether or not permanent) in local, regional, national or international market conditions (or in conditions affecting a sector of the market) which in the sole opinion of the Placing Agent and in its absolute discretion has or may have a material adverse effect on the Warrant Placing; or
- (ii) any breach of any of the Warranties which in the sole opinion of the Placing Agent and in its absolute discretion is material in the context of the Warrant Placing, comes to the knowledge of the Placing Agent or there has been a breach by the Company of any other provision of the Warrant Placing Agreement which in the sole opinion of the Placing Agent and in its absolute discretion is material in the context of the Warrant Placing; or
- (iii) there is any adverse change in the business or in the financial or trading position of the Group taken as a whole which being unaware of by the Placing Agent and in the sole opinion of the Placing Agent and in its absolute discretion is material in the context of the Warrant Placing; or

then and in any such case, the Placing Agent may, in its sole and absolute discretion, terminate the Warrant Placing Agreement without liability to the Company or any other Party by giving notice in writing to the Company, which notice may be given at any time prior to the Warrant Placing Completion Date.

If the Warrant Placing Agreement is so terminated, all obligations of each party under the Warrant Placing Agreement shall cease and determine and neither party shall have any claim against the other party in respect of any matter arising out of or in connection with the Warrant Placing Agreement except for any antecedent breach of any obligation mentioned in the Warrant Placing Agreement.

Conditions of the Warrant Placing

Completion of the Warrant Placing Agreement is conditional on, among the other matters, the fulfillment of the following conditions on or before 5:00 p.m. on 1 June 2009 (or such later time and date as the Placing Agent and the Company shall agree in writing):

- (a) (if required) the listing committee of the Stock Exchange shall have approved the issue of the Warrants either unconditionally or subject to conditions to which neither the Company nor the Warrant Placees shall reasonably object and the satisfaction of such conditions;
- (b) the Listing Committee of the Stock Exchange shall have granted (either unconditionally or subject to conditions to which neither the Company nor the Warrant Placees shall reasonably object) the listing of, and permission to deal in, the new Shares which fall to be allotted and issued upon the exercise of the subscription rights attached to the Warrants; and
- (c) no event having occurred or occurring which would constitute an Event of Default or a Potential Event of Default (both terms as defined in the Instrument) had the Warrants been issued.

In the event that the above conditions are not fulfilled by 5:00 p.m. on 1 June 2009 or such later date as may be agreed between the Company and the Placing Agent, the Warrant Placing Agreement will lapse and become null and void and the parties shall be released from all obligations hereunder, save the liabilities for any antecedent breaches hereof.

Voting rights for the holders of the Warrants

The holder of the Warrants will not have any right to attend or vote at any meeting of the Company by virtue of them being holders of the Warrants. The holder of the Warrants shall not have the right to participate in any distributions and/or offers of further securities made by the Company.

Rights of the holders of the Warrants on the liquidation of the Company

If the Company is wound up during the subscription period of the Warrants, all subscription rights attaching to the Warrants which have not been exercised shall lapse, save for in the event of a voluntary winding-up, the holders of the Warrants shall be entitled within six weeks after the passing of such a resolution approving the winding-up to exercise the subscription rights attaching to the Warrants in accordance with the terms and conditions of the Warrants.

General Mandate to issue new Shares

The new Shares will be allotted and issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 26 September 2008 subject to the limit of 388,546,643 Shares (representing approximately 20% of the aggregate nominal amount of the share capital of the Company in issue on that date). The 77,000,000 new Shares, to be allotted and issued upon full exercise of the subscription rights attaching to the Warrants, will utilise about 19.82% of the General Mandate.

As at the date of this announcement, the Company has not utilised the General Mandate.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the new Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

REASONS FOR THE SHARE PLACING AND THE WARRANT PLACING

The Group is principally engaged in manufacture and sale of paints, blended solvents and plastic colorants, trading of chemical materials, provision of painting service, property investment and exploitation and sale of crude oil.

The Board considers that the Subscription and the Warrant Placing represent good opportunities to raise additional funds for the Company while broadening the Shareholder and capital base of the Company.

USE OF PROCEEDS

The gross proceeds of the Subscription will amount to approximately HK\$73.13 million. The net proceeds from the Subscription, after the deduction of the Share Placing commission and other related expenses, are estimated to be approximately HK\$1.50 million, representing a net issue price of approximately HK\$0.318 per Subscription Share. The Directors intend to use the net proceeds to finance the potential acquisition of oil and gas project in Tunisia, North Africa and general working capital.

It is expected the aggregated net proceeds of approximately HK\$750,000 (with a net issue price of approximately HK\$0.01 per Warrant) will be raised by the Warrant Placing and the same will be utilised by the Group as its general working capital.

Assuming the full exercise of the subscription rights attaching to the Warrants, it is expected approximately HK\$34.65 million will be raised. The net proceeds will be used for general working capital.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the new Shares to be issued upon the exercise of all Warrants, when aggregated with all other equity securities which remain to be issued on exercise of all other subscription rights, will not exceed 20% of the issued share capital of the Company.

FUND RAISING EXERCISE BY THE COMPANY IN THE PAST TWELVE MONTHS

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
23 April 2008	Open offer of 647,577,739 Shares	Approximately HK\$180 million (net of expenses of approximately HK\$6.5 million)	Approximately HK\$117 million for the balance payment of the Project 718 as disclosed in the announcement made by the Company; and Approximately HK\$63 million as general working capital	Used as intended

Changes in shareholding structure of the Company

(A) The changes of the shareholding structure of the Company as a result of the Share Placing and the Subscription are as follows:

Shareholders	At the date of this announcement		Immediately after completion of the Share Placing		Immediately after completion of the Subscription		Immediately after completion of the Subscription and assuming all other outstanding share options (note 4) have been exercised in full		Immediately after completion of the Subscription and assuming all other outstanding share options (note 4) and warrants (note 5) have been exercised in full	
	<i>No. of Shares</i>	<i>Approximate percentage</i>	<i>No. of Shares</i>	<i>Approximate percentage</i>	<i>No. of Shares</i>	<i>Approximate percentage</i>	<i>No. of Shares</i>	<i>Approximate percentage</i>	<i>No. of Shares</i>	<i>Approximate percentage</i>
Mr. Poon Sum (Note 1)	122,670,453	5.33%	122,670,453	5.33%	122,670,453	4.85%	170,670,453	6.14%	180,299,990	5.70%
Mr. Poon Sau Tin (Note 2)	46,224,453	2.01%	46,224,453	2.01%	46,224,453	1.83%	46,224,453	1.66%	50,076,490	1.58%
Ever Source (Note 3)	377,794,558	16.41%	152,794,558	6.64%	377,794,558	14.95%	377,794,558	13.58%	409,277,437	12.93%
Public:										
The Share Placee(s)	-	-	225,000,000	9.77%	225,000,000	8.90%	225,000,000	8.09%	225,000,000	7.11%
Other public Shareholders	1,755,322,641	76.25%	1,755,322,641	76.25%	1,755,322,641	69.47%	1,962,132,641	70.53%	2,299,820,761	72.68%
Total	<u>2,302,012,105</u>	<u>100.00%</u>	<u>2,302,012,105</u>	<u>100.00%</u>	<u>2,527,012,105</u>	<u>100.00%</u>	<u>2,781,822,105</u>	<u>100.00%</u>	<u>3,164,474,678</u>	<u>100.00%</u>

Notes:

1. Mr. Poon Sum is the chairman of the Company and is the brother of Mr. Poon Sau Tin. As at the date of the announcement, Mr. Poon Sum also holds interests in 158,000,000 share options of the Company of which 110,000,000 share options were granted on 29 April 2009 and subject to the independent Shareholders' approval at the extraordinary general meeting to be held on 15 June 2009.
2. Mr. Poon Sau Tin is the elder brother of Mr. Poon Sum.
3. The issued share capital of Ever Source 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 Sum, 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.

4. As at the date of this announcement, the Company has 254,810,000 outstanding share options of which 48,000,000 share options are held by Mr. Poon Sum and 206,810,000 share options are held by the employees of the Company.
5. As at the date of this announcement, the Company has 161,894,434 outstanding listed warrants and 220,758,139 outstanding private warrants, totally 382,652,573 new Shares which fall to be allotted and issued upon the exercise of the subscription rights attached to the listed warrants and private warrants.

(B) The changes of the shareholding structure of the Company as a result of the Subscription and the Warrant Placing are as follows:

Shareholders	At the date of this announcement		Immediately after completion of the Warrant Placing and the exercise of the subscription rights attached to the Warrants in full		Immediately after completion of the Subscription, the Warrant Placing and the exercise of the subscription rights attached to the Warrants in full		Immediately after completion of the Subscription and assuming all other outstanding share options (note 4) have been exercised in full		Immediately after completion of the Subscription and assuming all other outstanding share options (note 4) and warrants (note 5) have been exercised in full	
	No. of Shares	Approximate percentage	No. of Shares	Approximate percentage	No. of Shares	Approximate percentage	No. of Shares	Approximate percentage	No. of Shares	Approximate percentage
Mr. Poon Sum (Note 1)	122,670,453	5.33%	122,670,453	5.16%	122,670,453	4.71%	170,670,453	5.97%	180,299,990	5.56%
Mr. Poon Sau Tin (Note 2)	46,224,453	2.01%	46,224,453	1.94%	46,224,453	1.78%	46,224,453	1.62%	50,076,490	1.54%
Ever Source (Note 3)	377,794,558	16.41%	377,794,558	15.88%	377,794,558	14.51%	377,794,558	13.22%	409,277,437	12.63%
Public:										
The Share Placee(s)	-	-	-	-	225,000,000	8.64%	225,000,000	7.87%	225,000,000	6.94%
The Warrant Placee(s)	-	-	77,000,000	3.24%	77,000,000	2.96%	77,000,000	2.69%	77,000,000	2.38%
Other public Shareholders	1,755,322,641	76.25%	1,755,322,641	73.78%	1,755,322,641	67.40%	1,962,132,641	68.63%	2,299,820,761	70.95%
Total	2,302,012,105	100.00%	2,379,012,105	100.00%	2,604,012,105	100.00%	2,858,822,105	100.00%	3,241,474,678	100.00%

Notes:

1. Mr. Poon Sum is the chairman of the Company and is the brother of Mr. Poon Sau Tin. As at the date of the announcement, Mr. Poon Sum also holds interests in 158,000,000 share options of the Company of which 110,000,000 share options were granted on 29 April 2009 and subject to the independent Shareholders' approval at the extraordinary general meeting to be held on 15 June 2009.

2. Mr. Poon Sau Tin is the elder brother of Mr. Poon Sum.
3. The issued share capital of Ever Source 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 Sum, 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.
4. As at the date of this announcement, the Company has 254,810,000 outstanding share options of which 48,000,000 share options are held by Mr. Poon Sum and 206,810,000 share options are held by the employees of the Company.
5. As at the date of this announcement, the Company has 161,894,434 outstanding listed warrants and 220,758,139 outstanding private warrants, totally 382,652,573 new Shares which fall to be allotted and issued upon the exercise of the subscription rights attached to the listed warrants and private warrants.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares and warrants on the Stock Exchange was suspended with effect from 9:30 a.m. on 20 May 2009 pending the release of this announcement. Application has been made by the Company for resumption of trading in the Shares and warrants on the Stock Exchange with effect from 9:30 a.m. on 21 May 2009.

DEFINITIONS

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

“Adjustment Events”	(1) alteration to the nominal amount of each of the Shares by reason of any subdivision or consolidation of Shares; or (2) issue of Shares by way of capitalization of profit or reserves; or (3) capital distribution to all Shareholders or grant to Shareholders rights to acquire for cash assets of the Company or any of its subsidiaries; or (4) offer to the Shareholders new Shares for subscription by way of rights; or grant of any options or warrants to all Shareholders to subscribe for new Shares, at a price which is less than 90% per cent of the market price; or (5) issue for cash any securities which are convertible into or exchangeable for or carry rights of subscription for new Shares; or (6) issue for cash any Shares at a price which is less than 90% of the market price; or (7) the repurchase of any Shares or securities convertible into Shares or any rights to acquire Shares by the Company
“Board”	the board of Directors
“Business Day”	any day (not being a Saturday, a Sunday and a public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	PetroAsian Energy Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the Stock Exchange
“Director(s)”	director(s) of the Company

“Ever Source”	Ever Source Enterprises Limited, a substantial Shareholder holding 377,794,558 Shares representing approximately 16.41% of the entire issued share capital of the Company, 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 Sum, an executive Director, 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, brother of Mr. Poon Sum
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 26 September 2008, pursuant to which a maximum of 388,546,643 new Shares may fall to be allotted and issued as at the date of this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a party which is not connected persons (as defined under the Listing Rules) of the Company and is independent of the Company and its connected persons
“Instrument”	a separate instrument to be executed by the Company by way of a deed poll containing terms of the Warrants, including the adjustment mechanisms of the initial subscription price for Shares
“Last Trading Day”	19 May 2009, being the last trading day for the Shares immediately before the date of this announcement

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing Agent”	Sun Hung Kai International Limited, a licensed corporation to carry out business in type 1 regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Share(s)”	up to 225,000,000 Shares to be placed under the Share Placing
“PRC”	The People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary issued share(s) of HK\$0.01 each in the share capital of the Company
“Share Placees”	any individual(s), institutional or other professional investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Share Placing Agreement
“Share Placing”	the placing, on a best efforts basis, of up to 225,000,000 Shares owned by Ever Source pursuant to the terms of the Share Placing Agreement
“Share Placing Agreement”	the conditional placing agreement dated 20 May 2009 (as amended by the Supplemental Agreement) and entered into among Ever Source, the Company and the Placing Agent in relation to the placing of 200,000,000 Shares owned by Ever Source
“Share Placing Price”	HK\$0.325 per Placing Share
“Shareholder(s)”	holder(s) of the Shares

“Specified Event”	means an event occurring or matter arising on or after the date hereof and prior to the date of completion which if it had occurred or arisen before the date hereof would have rendered any of the undertakings, warranties and representations given by the Company in the Share Placing Agreement untrue or incorrect and such would have an adverse impact/effect on the Share Placing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for the Subscription Shares by Ever Source pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 20 May 2009 and entered into between the Company and Ever Source in respect of the subscription of up to 225,000,000 Shares
“Subscription Shares”	up to 225,000,000 Shares for which Ever Source has conditionally agreed to subscribe pursuant to the Subscription Agreement
“Supplemental Agreement”	a supplemental agreement dated 20 May 2009 and entered into among Ever Source, the Company and the Placing Agent in relation to the increment of the number of Shares to be placed from up to 200,000,000 Shares to up to 225,000,000 Shares
“Warrant(s)”	up to 77,000,000 non-listed warrants to be issued by the Company at the Warrant Placing Price, each entitles the holder thereof to subscribe for one new Share at the Warrant Exercise Price (subject to adjustment) at any time during a period of twenty-one (21) months commencing from the date immediately after three months from the date of issue of the Warrants
“Warrant Exercise Price”	an initial exercise price of HK\$0.45 per new Share (subject to adjustment) at which holder of the Warrants may subscribe for the new Share(s)

“Warrant Placees”	any individual(s), institutional or other professional investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Warrants pursuant to the Warrant Placing Agreement
“Warrant Placing”	the placing, on a best efforts basis, of up to 77,000,000 Warrants pursuant to the terms of the Warrant Placing Agreement
“Warrant Placing Agreement”	the conditional placing agreement dated 20 May 2009 and entered into between the Company and the Placing Agent in relation to the Warrant Placing
“Warrant Placing Completion Date”	the second Business Day following the date on which the conditions precedent set out in the Warrant Placing Agreement are fulfilled
“Warrant Placing Price”	HK\$0.01, being the issue price per Warrant payable in full on application under the Warrant Placing Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 20 May 2009

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