

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

MEMORANDUM OF UNDERSTANDING

This announcement is made by PetroAsian Energy Holdings Limited (the “**Company**” which together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(1) of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company that on 16 July 2011, a wholly owned subsidiary of the Company entered into a non-legally binding memorandum of understanding (“**MOU**”) with a target company (the “**Target Company**”) which is independent of and not connected with the Company and its connected persons (within the meaning of the Listing Rules) regarding a possible acquisition (the “**Possible Acquisition**”) of certain equity interest in the Target Company, which if materializes may constitute a notifiable transaction on the part of the Company under the Listing Rules. The Target Company is an oil and natural gas production, development and exploration company in the United States. The purpose of the MOU is to establish a collaborative working relationship between the Group and the Target Company. Following the execution of the MOU, the Group will perform its necessary due diligence to further explore the Possible Acquisition.

The Board wishes to emphasize that no binding agreement in relation to the Possible Acquisition has been entered into as at the date of this announcement. Accordingly, the Possible Acquisition may or may not proceed. In the event that the Possible Acquisition materializes, the Company will make further announcement in compliance with the Listing Rules as and when appropriate. Shareholders of the Company and other investors are urged to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 17 July 2011

As at the date of this announcement, the Board comprises (i) three executive directors, namely Mr. Poon Sum (Chairman), 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.