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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 EXTENSION OF
MEMORANDUM OF UNDERSTANDING
IN RESPECT OF POSSIBLE INVESTMENT IN
HARBIN ZHONGFU ENERGY COMPANY LIMITED**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rule.

**MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE
POSSIBLE INVESTMENT**

Reference is made to the announcements of the Company dated 18 April 2011 and 15 July 2011 respectively in relation to the Possible Investment.

The Board announces that the Further Extension Letter has been entered into between the Company and the Target on 15 August 2011, and pursuant to which the parties to the MOU agree to extend (i) the expiry date of the Due Diligence Period; (ii) the date for entering into a legally-binding Formal Agreement; and (iii) the expiry date of the MOU (as supplemented by the Extension Letter) from on or before 15 August 2011 to on or before 15 November 2011 (or such later date as agreed by the parties thereto).

Save for the above, no other amendments were made to the MOU (as amended by the Extension Letter and the Further Extension Letter).

The Board wishes to emphasize that no binding agreement in relation to the Possible Investment has been entered into as at the date of this announcement. As such, the Possible Investment may or may not proceed. If the Possible Investment is materialised, it may constitute a notifiable transaction on the part of the Company. Shareholders and investors are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Possible Investment will be made by the Company in the event when any Formal Agreement has been signed.

This announcement is made by the Company pursuant to Rule 13.09 of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Reference is made to the announcement (the “**Announcements**”) of the Company dated 18 April 2011 and 15 July 2011 respectively in relation to, among other matters, the proposed investment by the Company into the Target, namely 哈爾濱中孚能源有限公司 (Harbin Zhongfu Energy Company Limited[#]). Terms used herein shall have the same meanings as defined in the Announcements unless the context requires otherwise.

Under the MOU (as supplemented by the Extension Letter), it was agreed that the entering into of the Formal Agreement shall be subject to, including but not limited to, the due diligence review on the Target to be conducted by the Company from the date of the MOU until 15 August 2011 (or such later date to be agreed by the parties thereto) (the “**Due Diligence Period**”). In addition, it was also agreed that both the Company and the Target will proceed to the negotiation for a legally-binding Formal Agreement on or before 15 August 2011 (or such later date as agreed by the parties thereto). It is also stated that if the Formal Agreement is not entered into on or before 15 August 2011 (or such later date as agreed by the parties thereto), the MOU shall cease and terminate.

As more time is required for conducting the due diligence review conducted by the Company on the Target, the Company and the Target mutually agreed by a written notice (the “**Further Extension Letter**”) dated 15 August 2011 that the aforesaid periods be extended to the date falling on or before 15 November 2011 (or such later date as agreed by the parties thereto).

Save for the above, no other amendments were made to the MOU (as amended by the Extension Letter and the Further Extension Letter).

The Board considers the entering into of the Further Extension Letter is in the interests of the Company and the Shareholders as a whole.

The Board wishes to emphasize that no binding agreement in relation to the Possible Investment has been entered into as at the date of this announcement. As such, the Possible Investment may or may not proceed. If the Possible Investment is materialised, it may constitute a notifiable on the part of the Company. Shareholders and investors are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Possible Investment will be made by the Company in the event when any Formal Agreement has been signed.

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

Hong Kong, 15 August 2011

As at the date of this statement, 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.

English translations of the Chinese words for illustration purpose only.