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## **YUHUA ENERGY HOLDINGS LIMITED**

**裕華能源控股有限公司**

(formerly known as Shinhint Acoustic Link Holdings Limited 成謙聲匯控股有限公司)

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2728)**

- (1) UNUSUAL PRICE AND TRADING VOLUME MOVEMENTS**  
**(2) CONTINUING CONNECTED TRANSACTION –**  
**SUPPLY OF CHEMICAL PRODUCTS**  
**(3) DISCLOSEABLE AND CONNECTED TRANSACTION –**  
**ACQUISITION OF PROPERTIES**  
**AND**  
**(4) RESUMPTION OF TRADING**

### **UNUSUAL PRICE AND TRADING VOLUME MOVEMENTS**

The Board has noted the recent unusual price and trading volume movements of the Shares on 7 September 2015. Having made such enquiry with respect to the Company as is reasonable in the circumstances and save as disclosed in this announcement, the Directors confirm that they are not aware of any reason that is or may be relevant to these price and trading volume movements or of any information which must be announced to avoid a false market in the Company's securities or of any inside information that needs to be disclosed under Part XIVA of the SFO.

### **CONTINUING CONNECTED TRANSACTION**

#### **Sale and Purchase Framework Agreement**

On 7 September 2015 (after trading hours), Fortune Winner (as supplier) and Fujian Yuhua Petrochemical and Fujian Yuhua Energy (as purchasers) entered into the Sale and Purchase Framework Agreement, pursuant to which Fortune Winner conditionally agrees to supply the Chemical Products to Fujian Yuhua Petrochemical and Fujian Yuhua Energy (or any one or more of their subsidiaries) commencing from 7 September 2015 and ending on 31 December 2017.

## **DISCLOSEABLE AND CONNECTED TRANSACTION**

### **Acquisition Agreements**

On 7 September 2015 (after trading hours), Xiamen Yuhua Energy (as purchaser) has entered into the Acquisition Agreements with the Xiamen Ocean Star (as vendor) (as supplemented by 2 supplemental agreements entered into on the same date), pursuant to which Xiamen Ocean Star has conditionally agreed to sell and the Xiamen Yuhua Energy has conditionally agreed to acquire the Properties at a consideration of RMB88,741,660.

The Properties which are located at levels 2 to 7, 海之星國際營運中心A棟 (Block A of Ocean Star International Operation Center\*) at 中國福建省廈門海滄區05-13保稅港區海景路東段 (the east session of Haijing Road, 05-13 Free Trade Port Zone, Haicang District, Xiamen, Fujian Province, PRC\*), have a total of gross floor area of approximately 6,338.69 sq.m. The Land was acquired by the Xiamen Ocean Star on 18 March 2013. The historical cost invested by the Xiamen Ocean Star in the Properties for development was approximately RMB63,386,900. Ocean Star International Operation Center is currently under construction and is expected to be completed by June 2016. On 22 July 2015, 廈門市國土資源與房產管理局 (Xiamen Municipal Bureau of Land Resources and Real Estate Management) has granted the Pre-sale Permit for Ocean Star International Operation Center.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Mr. Lin is the Chairman and an executive Director of the Company. Mr. Lin is also the director and general manager of each of Fujian Yuhua Petrochemical, Fujian Yuhua Energy and Xiamen Ocean Star. In addition, Mr. Lin and his associate(s) wholly-own 福建裕華集團有限公司 (Fujian Yuhua Group Limited\*), which in turn wholly-own Fujian Yuhua Petrochemical, Fujian Yuhua Energy and Xiamen Ocean Star. Therefore, each of Fujian Yuhua Petrochemical, Fujian Yuhua Energy and Xiamen Ocean Star is a connected person of the Company. As a result of the above, the entering into of the Sale and Purchase Framework Agreement constitutes continuing connected transactions on the part of the Company and the entering into of the Acquisition Agreements constitute a connected transaction on the part of the Company under Chapter 14A of the Listing Rules.

As certain of the applicable percentage ratios (as defined under the Listing Rules) for the transactions contemplated under the Sale and Purchase Framework Agreement is/are more than 5%, the Sale and Purchase Framework Agreement and the transactions contemplated thereunder are subject to the reporting, announcement, annual review and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In addition, as certain of the applicable percentage ratios (as defined under the Listing Rules) for the transactions contemplated under the Acquisition Agreements is/are more than 5% but less than 25%, the Acquisitions constitute a discloseable transaction on the part of the Company under the Listing Rules. Such transactions are subject to reporting and announcement requirements under Chapter 14 of the Listing Rules and reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee will be established to advise the Independent Shareholders in respect of the terms of the Sale and Purchase Framework Agreement, the Acquisition Agreements and the transactions contemplated thereunder. TC Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in the same regard.

An EGM will be convened to consider and, if thought fit, approve (i) the Sale and Purchase Framework Agreement and the transactions contemplated thereunder, (ii) the proposed annual caps of the Sale and Purchase Framework Agreement; and (iii) the Acquisition Agreements and the transactions contemplated thereunder. Mr. Lin and his associate(s) will abstain from voting at the EGM.

A circular containing, among others, (i) details of the Sale and Purchase Framework Agreement, the annual caps of the Sale and Purchase Framework Agreement; (ii) the recommendations from the Independent Board Committee to the Independent Shareholders in relation to (a) the Sale and Purchase Framework Agreement, (b) the proposed annual caps of the Sale and Purchase Framework Agreement, (c) the Acquisition Agreements, (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) the property valuation report on the Properties; and (v) a notice of the EGM and a proxy form will be despatched to the Shareholders on or before 25 September 2015.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 1:00 p.m. on Monday, 7 September 2015 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading of the Shares with effect from 9:00 a.m. on Tuesday, 8 September 2015.

## **UNUSUAL PRICE AND TRADING VOLUME MOVEMENTS**

Reference is made to the announcement of the Company dated 7 September 2015 in relation to the trading halt of the Shares.

The Board has noted the recent increase in the price and the trading volume of the Shares on 7 September 2015. At the request of the Company, the trading in the Shares has been halted with effect from 1:00pm on 7 September 2015 on Stock Exchange pending the release of this announcement.

Having made such enquiry with respect to the Company as is reasonable in the circumstances, the Board confirms that, save as disclosed below, it is not aware of any reasons for this price movement or of any information which must be announced to avoid a false market in the Company's securities or of any inside information that needs to be disclosed under Part XIVA of the SFO.

## **CONTINUING CONNECTED TRANSACTION**

### **Sale and Purchase Framework Agreement**

The Board is pleased to announce that on 7 September 2015 (after trading hours), Fortune Winner (as supplier) and Fujian Yuhua Petrochemical and Fujian Yuhua Energy (as purchasers) entered into the Sale and Purchase Framework Agreement, pursuant to which Fortune Winner conditionally agrees to supply the Chemical Products to Fujian Yuhua Petrochemical and Fujian Yuhua Energy (or any one or more of their subsidiaries) commencing from the effective date of the Sale and Purchase Framework Agreement and ending on 31 December 2017.

Major terms and conditions of the Sale and Purchase Framework Agreement are summarized as follows:

Date: 7 September 2015 (after trading hours)

Parties: (1) Fortune Winner (as supplier)  
(2) Fujian Yuhua Petrochemical and Fujian Yuhua Energy (as purchasers)

Term: Commencing from the effective date of the Sale and Purchase Framework Agreement to 31 December 2017

### ***Subject matter***

Pursuant to the Sale and Purchase Framework Agreement, Fortune Winner conditionally agrees to supply the Chemical Products to Fujian Yuhua Petrochemical and Fujian Yuhua Energy (or any one or more of their subsidiaries). The parties to the Sale and Purchase Framework Agreement shall enter into separate individual agreement for each transaction under and in accordance with the terms and conditions of the Sale and Purchase Framework Agreement.

### ***Payment term***

The purchase price will be settled by Fujian Yuhua Petrochemical and Fujian Yuhua Energy in cash within 30 days upon receipt of the products at each transaction with Fortune Winner.

### ***Pricing basis***

As agreed between the parties to the Sale and Purchase Framework Agreement, the selling price of the Chemical Products is calculated by a mark-up in a range of 0.5% to 2.0% based on the Original Purchase Price. The parties to the Sale and Purchase Framework Agreement will make reference to:

- (1) the selling price of the Similar Chemical Products provided by two to three Independent Third Parties to the Company at the same period;

- (2) other major terms in the sale and purchase agreement of selling the Similar Chemical Products from the Independent Third Parties to Fujian Yuhua Petrochemical and Fujian Yuhua Energy at the same period; and
- (3) the pricing information contained in the Trading Database.

When determining whether to accept the purchase orders of the relevant biodiesel and chemical products from Fujian Yuhua Petrochemical and Fujian Yuhua Energy, the Company will compare the following:

- (1) the mark-up between selling the Similar Chemical Products to Fujian Yuhua Petrochemical and Fujian Yuhua Energy and Independent Third Parties at the same period; and
- (2) the selling price of the Similar Chemical Products to Fujian Yuhua Petrochemical and Fujian Yuhua Energy and Independent Third Parties.

Through the aforesaid procedures, the Company can ensure that the final mark-up and the selling price of the Chemical Products to Fujian Yuhua Petrochemical and Fujian Yuhua Energy will be determined based on normal commercial terms and not less favourable than to Independent Third Parties for the Similar Chemical Products at the same period.

***Proposed annual caps and basis of determination***

The proposed annual caps for the sale and purchase of the Chemical Products under the Sale and Purchase Framework Agreement for the three financial years ending 31 December 2015, 2016 and 2017 are set out as follows:

	<b>Proposed annual caps</b>		
	<b>for the financial years ending 31 December</b>		
	<b>2015</b>	<b>2016</b>	<b>2017</b>
Proposed annual cap amounts	RMB100,000,000	RMB300,000,000	RMB300,000,000

The above proposed annual caps have been determined with reference to (i) the expected purchase volume of the Chemical Products for the three years ended 31 December 2015 by Fujian Yuhua Petrochemical and Fujian Yuhua Energy; and (ii) the historical market price in average of the Chemical Products in August 2015.

The Company will only purchase the relevant biodiesel and chemical products from its suppliers upon receiving the purchase orders from the customers. The procedures that the Company adopts for price determination can be summarized as follow:

1. The management of the Company will make reference to the Trading Database set up in 1 July 2015 maintained by the Sales Department. The Sales Department shall regularly conduct market research in order to estimate the current market price for the same or substantially similar products offered by the competitors of the Company, and will update the Trading Database on a daily basis for the price, payment terms and other relevant information (e.g. the date, the parties to the transactions, and the products or service provided by the Company and the competitors for similar transactions).
2. All the products to be sold by the Company (including those selling to Fujian Yuhua Energy and Fujian Yuhua Petrochemical and to Independent Third Parties) shall be subject to the same internal pricing procedures. After receiving the enquiry from the potential customers, the Sales Department will, in accordance with the selling price that the potential customers can accept, make reference to the Trading Database to (i) evaluate products enquired and their original purchase price from the Company's suppliers which are Independent Third Parties; and (ii) determine the selling price. At the same time, they will evaluate all the costs to be incurred by the Company for the products enquired, including logistics, handling, duties and other fees. On the condition that the Company can make profits out of the selling the products enquired after charging a reasonable mark-up of approximately 0.5%-2%, the Sales Department will recommend a selling price and pass to the internal control department for review and approval.
3. Upon receiving the recommended selling price, the internal control department of the Company will go through the following procedures:
  - (i) review the current market price of the same or substantially similar products through conducting market research itself and making reference to the Trading Database, in order to ensure that the recommended selling price to the connected persons and the gross profit margin shall not be less than that offered to Independent Third Parties;

- (ii) from the Group's perspective, ensure the terms of the relevant sale and purchase agreement shall be on normal commercial terms or better, and are fair and reasonable; and
  - (iii) in the event that the recommended selling price is accepted by the customers, ensure that transaction together with the historical ones in aggregate will not exceed the applicable annual caps.
4. After review and approved by the internal control department of the Company, the recommended selling price will pass to the members of the senior management the Sales Department (which shall not be Mr. Lin and/or its associate(s) for connected transactions) for final approval. If approved, the recommended selling price will be sent to the potential customers for confirmation.
  5. If the recommended selling price is accepted by the Company's customers, a member of the senior manager of the Company's Sales Department (other than Mr. Lin and/or his associate(s) for connected transactions) will enter into the sale and purchase agreement for and on behalf of the Company with the customer.

### ***Conditions precedent***

The completion of the Sale and Purchase Framework Agreement is subject to the Company obtaining all necessary or appropriate approvals, authorisations, confirmation, consents and licences required under the Listing Rules, including but not limited to approval of the Independent Shareholders by way of poll at the EGM for the Sale and Purchase Framework Agreement, the transactions contemplated thereunder and the proposed annual caps.

If the conditions have not been fulfilled by 31 December 2015, the parties to the Sale and Purchase Framework Agreement agree to postpone its effective date to 30 June 2016 (or such other date as the parties to the Sale and Purchase Framework Agreement may otherwise agree in writing).

### ***Historical transaction***

As at the date of this announcement, no historical transaction is available in relation to the supply of the Chemical Products from the Group to either Independent Third Parties or connected persons (as defined under the Listing Rules).



## **DISCLOSEABLE AND CONNECTED TRANSACTION**

### **Acquisition Agreements**

On 7 September 2015 (after trading hours), Xiamen Yuhua Energy (as purchaser) has entered into the Acquisition Agreements with the Xiamen Ocean Star (as vendor) (as supplemented by two supplemental agreements entered into on the same date), pursuant to which the Xiamen Ocean Star has conditionally agreed to sell and the Xiamen Yuhua Energy has conditionally agreed to acquire the Properties at a consideration of RMB88,741,660.

Major terms and conditions of the Acquisition Agreements are summarized as follows:

- Date: 7 September 2015 (after trading hours)
- Parties: (1) Xiamen Yuhua Energy (as purchaser)
- (2) Xiamen Ocean Star (as vendor)

### ***Assets to be acquired***

The Properties which are located at levels 2 to 7 of 海之星國際營運中心 (Ocean Star International Operation Center\*) at 中國福建省廈門海滄區05-13保稅港區海景路東段 (the east session of Haijing Road, 05-13 Free Trade Port Zone, Haicang District, Xiamen, Fujian Province, PRC\*) have a total of gross floor area of approximately 6,338.69 sq.m. The Land was acquired by the Xiamen Ocean Star on 18 March 2013. The historical cost invested by the Xiamen Ocean Star in the Properties for development was approximately RMB63,386,900.

Ocean Star International Operation Center is currently under construction and is expected to be completed by June 2016. On 22 July 2015, 廈門市國土資源與房產管理局 (Xiamen Municipal Bureau of Land Resources and Real Estate Management) has granted the Pre-sale Permit for Ocean Star International Operation Center.

It is the intention of the Company that the Properties will be used as investment properties for rental purpose.

Pursuant to the legal opinion issued by an independent PRC lawyer of the Company for the Acquisitions, among other things:

- (1) 廈門市國土資源局海滄分局 (Xiamen Land and Resources Administrative Bureau Haicang Branch\*), as grantor, has granted the land use rights of the Land with a site area of 12,272.689 square metres to Xiamen Ocean Star for commercial use at a land premium of RMB50,000,000;
- (2) The land premium and deed tax have been fully settled by Xiamen Ocean Star;
- (3) The land use rights of the Land are held by Xiamen Ocean Star for a term commencing on 18 March 2013 and expiring on 17 March 2063 for office use. The transfer, leasing and mortgaging of the subject land parcel are subject to the conditions as stated in the 廈門市國有建設用地使用權出讓合同 (Xiamen Grant Contract for State-owned Construction Land Use Rights\*);
- (4) 廈門市海滄區發展和改革局 (Xiamen City Haicang District Development and Reform Bureau\*) has permitted the filing of the development scheme of Ocean Star International Operation Center;
- (5) 廈門市環境保護局海滄分局 (Xiamen City Environment Protection Bureau Haicang Branch\*) has approved the development of Ocean Star International Operation Center;
- (6) The proposed use (as office) and proposed scale (gross floor area of 51,966.405 square metres) and the carrying out of construction work of the development of Ocean Star International Operation Center has been approved; and
- (7) The Land is subject to a mortgage with Bank of Communications Co., Ltd with a principal amount of RMB125 million over a loan period from 30 July 2014 to 30 July 2019.

For (7) abovementioned, the Company was informed that Xiamen Ocean Star will discharge the mortgage related to the Properties on or before 31 December 2015.

## ***Consideration***

Pursuant to the Acquisition Agreements, the Consideration of RMB88,741,660 (equivalent to approximately HK\$106,489,992), which has been arrived at after arm's length negotiations between Xiamen Yuhua Energy and Xiamen Ocean Star and was determined with reference to the valuation of the Properties of RMB89,000,000 (equivalent to approximately HK\$106,800,000) valued by an independent professional valuer, represents a discount of approximately 0.3% to the valuation of the Properties. The Consideration does not cover the fees to be paid to the government departments and other institutions. The Consideration also does not cover the costs to be paid by Xiamen Yuhua Energy at the time when the Properties are delivered to Xiamen Yuhua Energy, which includes (but not limited) special maintenance fund and electricity fee deposit.

Below is the breakdown of the consideration payable of each level of the Properties:

<b>Level</b>	<b>Gross floor area</b> <i>(approximately sq.m.)</i>	<b>Unit price</b> <i>(approximately RMB/sq.m.)</i>	<b>Consideration</b> <i>(approximately RMB)</i>
2 (4 rooms)	676.11	14,000	9,465,540
3 (7 rooms)	1,130.18	14,000	15,822,520
4-7 (8 rooms each)	4,532.40	14,000	63,453,600
Total for levels 2 to 7	<u>6,338.69</u>		<u>88,741,660</u>

The Consideration will be settled by Xiamen Yuhua Energy by cash in instalments in accordance with the terms of the Acquisition Agreements as set out in the following schedule:

*Level 2*

<b>Time</b>	<b>Payment</b>
On or before 31 December 2015	30% of the consideration for level 2, being RMB2,839,662
On or before 10 January 2016	30% of the consideration for level 2, being RMB2,839,662
On or before 20 January 2016	40% of the consideration for level 2, being RMB3,786,216

*Level 3*

<b>Time</b>	<b>Payment</b>
On or before 31 December 2015	30% of the consideration for level 3, being RMB4,746,756
On or before 10 January 2016	30% of the consideration for level 3, being RMB4,746,756
On or before 20 January 2016	40% of the consideration for level 3, being RMB6,329,008

*Each of Level 4 – 7*

<b>Time</b>	<b>Payment</b>
On or before 31 December 2015	30% of the consideration for each of level 4 to 7, being RMB19,636,080
On or before 10 January 2016	30% of the consideration for each of level 4 to 7, being RMB19,636,080
On or before 20 January 2016	40% of the consideration for each of level 4 to 7, being RMB25,381,440

It is the intention of the Group to finance the Acquisitions by way of its internal resources, fund raising activities and/or bank borrowing, if necessary.

***Overdue payment of the Consideration***

If Xiamen Yuhua Energy fails to settle the consideration under each of the Acquisition Agreement within the applicable prescribed time for payment, in the event that the payment is made within 90 days after the applicable prescribed time for payment, Xiamen Yuhua Energy shall pay Xiamen Ocean Star on a daily basis the amount equivalent to 0.005% of the amount payable as penalty for such failure, calculated from the second day after the applicable prescribed time for payment to the day where the total amount payable is settled.

If the payment is overdue more than 90 days after the applicable prescribed time for payment, and Xiamen Yuhua Energy still fails to settle such payment within five days after Xiamen Ocean Star serving a written notice to Xiamen Yuhua Energy, Xiamen Ocean Star is entitled to terminate the relevant Acquisition Agreement:

- (1) In the event that Xiamen Ocean Star terminates the relevant Acquisition Agreement, Xiamen Yuhua Energy shall pay Xiamen Ocean Star an amount equivalent to 1% of the amount payable on an accrued basis as penalty for such failure;

- (2) In the event that Xiamen Ocean Star does not terminate the relevant Acquisition Agreement, Xiamen Yuhua Energy shall pay Xiamen Ocean Star on a daily basis an amount equivalent to 0.01% of the amount payable as penalty for such failure, calculated from the second day after the applicable prescribed time for payment to the day where the total amount payable is settled.

In the event that Xiamen Yuhua Energy applies for bank mortgages in order to settle the consideration under each of the Acquisition Agreement, if the approved mortgage loans are less than the amount requested, Xiamen Yuhua Energy shall settle the difference between the approved mortgage loans and the amount requested within 5 days after the relevant bank or Xiamen Ocean Star serves a notice to it.

### ***Conditions precedent***

The completion of the Acquisitions is subject to the following conditions:

1. Xiamen Ocean Star shall obtain prior consent from Bank of Communications Co., Ltd Xiamen Branch before selling the Properties to the Xiamen Yuhua Energy;
2. Xiamen Ocean Star has passed the completion inspection and acceptance (竣工驗收合格) and passed the fire acceptance (消防驗收合格) for the Properties before 17 March 2017;
3. The facilities, including drainage, electricity, pipeline gas, telecommunications, cable television, fire control and postbox of the buildings of the Properties has met the design requirement of Ocean Star International Operation Center before 17 March 2017;
4. All the public supporting buildings and basic facilities including community internal roads, greening, outdoor lighting, fire control, environmental hygiene and other business and social services and management have completed in accordance with the planning and design requirements. For those works of Ocean Star International Operation Center whose have completed by phases, they have completed by phases accordingly pursuant to the planning and design requirements, and a valid isolation facility and construction safety facility have been set up between the Properties and the construction site before 17 March 2017;

5. the Company has obtained all necessary or appropriate approvals, authorisations, confirmation, consents and licences required under the Listing Rules, including but not limited to the approval of the Acquisition Agreement and the transactions contemplated thereunder by the Independent Shareholders;
6. the gross floor area of the Properties shall not exceed 60% of the total gross floor area of the office portion of the Land; and
7. Xiamen Ocean Star has obtained prior approval from the Xiamen Land and Resources Administrative Bureau Haicang Branch and the Xiamen City Haicang District Economic and Trade Bureau.

If the conditions have not been fulfilled by 17 March 2017, Xiamen Yuhua Energy is entitled to terminate the Acquisition Agreement(s).

***Failure of delivery of Properties***

In the event that Xiamen Ocean Star fails to deliver the Properties within 90 days after 17 March 2017, Xiamen Ocean Star shall pay Xiamen Yuhua Energy on a daily basis the amount equivalent to 0.005% of the amount already paid by Xiamen Yuhua Energy, calculated from the second day after the applicable prescribed time for payment to the day where the total amount payable is settled.

If the Xiamen Ocean Star fails to deliver the Properties more than 90 days after 17 March 2017, Xiamen Yuhua Energy is entitled to terminate the relevant Acquisition Agreement, and if so, Xiamen Ocean Star shall return the entire amount paid within 60 days after Xiamen Yuhua Energy serving the notice of termination to Xiamen Ocean Star, together with an amount equivalent to 1% of the amount paid as penalty for such failure.

Despite the failure of delivery of the Properties more than 90 days, in the event that Xiamen Yuhua Energy does not terminate the relevant Acquisition Agreement, Xiamen Ocean Star shall pay Xiamen Yuhua Energy on a daily basis an amount equivalent to 0.01% of the amount paid by Xiamen Yuhua Energy, calculated from the second day after the 17 March 2017 to the day where the Properties are delivered.

The amount of each of the aforesaid accumulated penalty cannot exceed 3% of the amount paid by Xiamen Yuhua Energy.

***Other significant terms:***

1. Xiamen Ocean Star guarantees that there is no right to mortgage, disputes in property rights and other claims and liabilities dispute on the Properties upon delivery. In the event that due to whatever reasons by Xiamen Ocean Star, the Properties fail to complete the registration and filing of the Acquisition Agreements, repay the mortgage loan, make advanced registration, make property right registration on time, or there are claims and liabilities dispute on the Properties, Xiamen Ocean Star shall be held fully liable for the above failure or claims and liabilities.
2. Xiamen Ocean Star shall apply to the local property ownership registration bodies for 房屋所有權初始預登記 (Property ownership preliminary advance registration\*) within 60 days after delivery of the Properties, and provide all required information for property right registration to Xiamen Yuhua Energy.
3. Within 30 days of the signing date, Xiamen Ocean Star/Xiamen Yuhua Energy shall apply for prior registration to 廈門市國土資源與房產管理局 (Xiamen Municipal Bureau of Land Resources and Real Estate Management).
4. For the pre-sale Properties, Xiamen Ocean Star shall apply for registration of the Acquisition Agreements to 廈門市國土資源與房產管理局 (Xiamen Municipal Bureau of Land Resources and Real Estate Management) within 30 days upon the Acquisition Agreements becoming effective.



## **REASONS FOR AND BENEFITS OF ENTERING INTO OF THE SALE AND PURCHASE FRAMEWORK AGREEMENT AND THE ACQUISITION AGREEMENTS**

### **The Sale and Purchase Framework Agreement**

The Group is principally engaged in trading and manufacturing of speaker units and provision of consultancy services in connection with research and development of headphones and speaker products. The Group has established a business strategy to explore potential investment opportunities and diversify its business to enhance the Shareholders' value. Among other potential opportunities, the Company has strived to identify, including but not limited to, businesses which can generate stable income. The development of energy trading (including but not limited to fuel oil, oil and natural gas and the Chemical Products (collectively, the "**Products**") will enable the Group to achieve such goal.

The Directors consider that the entering into of the Sale and Purchase Framework Agreement is for the benefit of the Group as it will enable the Group to have continuous and stable source of income generated from the sale of the Products at a competitive price which is essential to the Group's development of business.

### **The Acquisition Agreements**

The Group intends to hold the Properties for investment purpose and will, depending on the market circumstances, lease out the Properties after completion of the Acquisitions for rental income. The Directors consider that the Acquisitions represent an attractive investment opportunity to the Group as the Properties are offered at a slight discount and at par with the valuation. It is expected that the Acquisition will broaden the income base of the Group.

The Directors (excluding the independent non-executive Directors who will express their views after taking into account the advice from the TC Capital) consider that the Sale and Purchase Framework Agreement and the Acquisition Agreements were entered into on normal commercial terms or on terms no less favourable to the Company than those available to Independent Third Parties and in the ordinary and usual course of business of the Group, and that the terms and the annual caps under the Sale and Purchase Framework Agreement are fair and reasonable for the Group and in the interests of the Shareholders as a whole.

As Mr. Lin is considered to have material interest in the Sale and Purchase Framework Agreement, the Acquisition Agreements and the transactions contemplated thereunder, he had abstained from voting on the board resolutions approving the Sale and Purchase Framework Agreement, the Acquisition Agreement and the transactions contemplated thereunder.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no other Shareholder (other than Mr. Lin and his associate(s)) has any material interest in the Sale and Purchase Framework Agreement, the Acquisition Agreements and the transactions contemplated thereunder who is required to abstain from voting on the relevant resolutions to be proposed at the EGM to approve the Sale and Purchase Framework Agreement, the Acquisition Agreements and the transactions contemplated thereunder.

## **INFORMATION ON THE PARTIES**

Fortune Winner is a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company. It is principally engaged in the operation of oil trade center in Hong Kong.

Xiamen Yuhua Energy is a company established in the PRC and is an indirect wholly-owned subsidiary of the Company. It is principally engaged in the in operation of oil trade center in the PRC.

Fujian Yuhua Energy is a company established in the PRC and is owned by Fujian Yuhua Group Company Limited. It is principally engaged in wholesale of dangerous chemicals and petroleum products, as well as retail of refined oil.

Fujian Yuhua Petrochemical is a company established in the PRC and is owned by Fujian Yuhua Group Company Limited. It is principally engaged in the trading, wholesale and retail of diesel, gasoline, kerosine, transportation of dangerous goods, importing and exporting trading.

Xiamen Ocean Star is a company established in the PRC and is owned by Fujian Yuhua Group Company Limited. It is principally engaged in coastal transport of goods, ship management business and the business of real estate development.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Mr. Lin is the Chairman and executive Director of the Company. Mr. Lin is also the director and general manager of each of Fujian Yuhua Petrochemical, Fujian Yuhua Energy and Xiamen Ocean Star. In addition, Mr. Lin and his associate(s) wholly-own Fujian Yuhua Group Limited, which in turn wholly-own Fujian Yuhua Petrochemical, Fujian Yuhua Energy and Xiamen Ocean Star. Therefore each of Fujian Yuhua Petrochemical, Fujian Yuhua Energy and Xiamen Ocean Star is a connected person of the Company. As a result of the above, the entering into of the Sale and Purchase Framework Agreement constitute continuing connected transactions on the part of the Company and the entering into of the Acquisition Agreements constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules.

As certain of the applicable percentage ratios (as defined under the Listing Rules) for the transactions contemplated under the Sale and Purchase Framework Agreement is/are more than 5%, the Sale and Purchase Framework Agreement and the transactions contemplated thereunder are subject to the reporting, announcement, annual review and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In addition, as certain of the applicable percentage ratios (as defined under the Listing Rules) for the transactions contemplated under the Acquisition Agreements is/are more than 5% but less than 25%, the Acquisitions constitute discloseable transactions on the part of the Company under the Listing Rules. Such transactions are subject to reporting and announcement requirements under Chapter 14 of the Listing Rules and reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee will be established to advise the Independent Shareholders in respect of the terms of the Sale and Purchase Framework Agreement, the Acquisition Agreements and the transactions contemplated thereunder. TC Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in the same regard.

An EGM will be convened to consider and, if thought fit, approve (i) the Sale and Purchase Framework Agreement and the transactions contemplated thereunder, (ii) the proposed annual caps of the Sale and Purchase Framework Agreement; and (iii) the Acquisition Agreements and the transactions contemplated thereunder. Mr. Lin and his associate(s) will abstain from voting at the EGM.

A circular containing, among others, (i) details of the Sale and Purchase Framework Agreement, the annual caps of the Sale and Purchase Framework Agreement, the Acquisition Agreements; (ii) the recommendations from the Independent Board Committee to the Independent Shareholders in relation to (a) the Sale and Purchase Framework Agreement, (b) the proposed annual caps of the Sale and Purchase Framework Agreement, (c) the Acquisition Agreements, (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) the property valuation report on the Properties; and (v) a notice of the EGM and a proxy form will be despatched to the Shareholders on or before 25 September 2015.

## **RESUMPTION OF TRADING**

An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 8 September 2015.

## DEFINITIONS

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

“Acquisitions”	collectively, the acquisitions of the Properties pursuant to the Acquisition Agreement(s)
“Acquisition Agreements”	collectively, the acquisition agreements dated 7 September 2015 entered into between Xiamen Yuhua Energy (as a purchaser) and Xiamen Ocean Star (as a vendor) (as supplemented by two supplemental agreements both dated 7 September 2015) in relation to, among others, the Acquisitions
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Chemical Products”	biodiesel and chemical products supplied by Fortune Winner to Fujian Yuhua Petroleum and Fujian Yuhua Energy (or any one or more of their subsidiaries) in accordance with the Sale and Purchase Framework Agreement
“Company”	Yuhua Energy Holdings Limited (裕華能源控股有限公司) (formerly known as Shinhint Acoustic Link Holdings Limited 成謙聲匯控股有限公司) (stock code: 2728), a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration of RMB88,741,660 (equivalent to approximately HK\$106,489,992) for the Acquisitions
“Directors”	the directors of the Company

“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve (i) the Sale and Purchase Framework Agreements and the transactions contemplated thereunder, (ii) the proposed annual caps of the Sale and Purchase Framework Agreement; and (iii) the Acquisition Agreements and the transaction contemplated thereunder
“Fortune Winner”	Fortune Winner (Hong Kong) Limited, a company incorporated in Hong Kong and is an indirect wholly-owned subsidiary of the Company
“Fujian Yuhua Energy”	福建裕華能源有限公司 (Fujian Yuhua Energy Company Limited*), a company established in the PRC
“Fujian Yuhua Petrochemical”	福建裕華石油化工有限公司 (Fujian Yuhua Petrochemical Company Limited*), a company established in the PRC
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising all of the independent non-executive Directors, formed to advise the Independent Shareholders in respect of the Sale and Purchase Framework Agreement and the transactions contemplated thereunder (including their respective annual caps) as well as the Acquisition Agreements and the Acquisitions
“Independent Financial Adviser” or “TC Capital”	TC Capital Asia Limited, a licensed corporation to carry out business in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Framework Agreement, the Acquisition Agreements and the transactions contemplated thereunder

“Independent Shareholders”	Shareholder(s) other than Mr. Lin and his associate(s)
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/are not connected with (within the meaning of the Listing Rules) any Director, chief executive or substantial shareholder (within the meaning of the Listing Rules) of the Company, its subsidiaries or any of their respective associates
“Land”	the land in 海滄區05-13保稅港區海景路東側 (East of Haijing Road, 05-13 Free Trade Port Zone, Haicang District, Xiamen*) with a total sit area of 12,272.689 square metres held by the Xiamen Ocean Star where the Properties are situated
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lin”	Mr. Lin Caihuo (林財火先生), the Chairman of the Board and an executive Director
“Original Purchase Price”	The original purchase price of the Chemical Products when Fortune Winner (or any one or more of its subsidiaries) purchased from its suppliers which are Independent Third Parties
“Pre-sale Permits”	商品房預售許可證 (commodity property pre-sale permit*), a permit issued on 22 July 2015 by a local housing and building administrative bureau or an equivalent authority with respect to pre-sale of the Properties
“Properties”	collectively, levels 2 to 7, 海之星國際營運中心A棟 (Block A of Ocean Star International Operation Center*) at 中國福建省廈門海滄區05-13保稅港區海景路東段 (the east session of Hai Jing Road, 05-13 Free Trade Port Zone, Haicang District, Xiamen, Fujian Province, PRC*)

“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Framework Agreement”	the sale and purchase Agreement dated 7 September 2015 entered into between Fortune Winner as supplier and Fujian Yuhua Petrochemical and Fujian Yuhua Energy (or any one or more of their subsidiaries) as purchasers in relation to the supply of the Chemical Products commencing from the effective date of the Sale and Purchase Framework Agreement and ending on 31 December 2017
“Sales Department”	the sales department of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Similar Chemical Products”	the biodiesel and chemical products with the same or substantial similar specifications with the Chemical Products
“Trading Database”	as part of the internal control procedures of the Company, a trading database set up on 1 July 2015 updated on a daily basis which contains the information in relation to the current market price (including the purchase and selling prices) of all the products sold by the Company (including the biodiesel and chemical products with specifications the same or substantially similar to the Chemical Products).
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited



“Xiamen Ocean Star”	廈門海之星航運有限公司 (Xiamen Ocean Star Shipping Company Limited*), a company established in the PRC
“Xiamen Yuhua Energy”	裕華能源(廈門)有限公司 (Xiamen Yuhua Energy Company Limited*), a company established in the PRC
“%”	per cent

*Unless otherwise specified in this announcement, translation of RMB into HK\$ is made in this announcement, for illustration purpose only, at the rate of RMB1 to HK\$1.2. No representation is made that any amount in RMB could have been or could be converted at such rate or any other rates.*

By Order of the Board  
**Yuhua Energy Holdings Limited**  
**Lin Caihuo**  
*Chairman*

Hong Kong, 7 September 2015

*As at the date of this announcement, the Company has three Executive Directors, namely Mr. Lin Caihuo (Chairman), Ms. Kang Guiping and Mr. Wang Enguang, and three independent non-executive Directors, namely Mr. Liu Yang, Mr. Lum Pak Sum and Mr. Zhang Jiping.*

\* *for identification purpose only*