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## **YUHUA ENERGY HOLDINGS LIMITED**

**裕華能源控股有限公司**

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

**(Stock Code: 2728)**

### **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

On 7 August 2019, the Company has entered into the Subscription Agreement with the Subscriber for the subscription of an aggregate 540,000,000 new Shares for an aggregate consideration of HK\$67,500,000 at the Subscription Price of HK\$0.125 per Subscription Share.

The Subscription Price represents a discount of approximately 19.35% on a closing price of HK\$0.155 per Share as quoted on the Stock Exchange on 7 August 2019, being the date of the Subscription Agreement.

The Subscription Shares of 540,000,000 new Shares represent approximately 17.450% of the existing issued share capital of the Company and approximately 14.858% of its enlarged share capital. The Subscription Shares will be issued under the General Mandate and will rank equally with all existing Shares.

The Company intends to use the net proceeds raised from the issue of the Subscription Shares for general working capital of the Company and its subsidiaries, acquisition of business (if any) if opportunities arise and repayment of some of the indebtedness of the Group.

Completion of the Subscription pursuant to the Subscription Agreement is conditional upon, inter alia, the Listing Committee agreeing to grant a listing of and permission to deal in the Subscription Shares.

**Warning: Shareholders and potential investors should note that the Subscription is subject to the fulfillment of various conditions, the Subscription may or may not proceed to completion. Accordingly, Shareholders and potential investors should exercise caution when dealing in the Shares.**

## **SUBSCRIPTION AGREEMENT DATED 7 AUGUST 2019**

### **Parties:**

Issuer: The Company

Subscriber: The Subscriber

Based on the information provided by the Subscriber, the Subscriber's principal activities are investment holdings.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner are Independent Third Parties.

### **Subscription:**

Pursuant to the Subscription Agreement, the Company has agreed to issue and the Subscriber has agreed to subscribe for an aggregate of 540,000,000 new Shares at the Subscription Price of HK\$0.125 per Share, subject to the terms and conditions contained therein. The gross proceeds and the net proceeds from the issue of the Subscription Shares are expected to amount to approximately HK\$67,500,000 and HK\$67,300,000 respectively. The Subscription Shares are to be issued under the General Mandate and no separate shareholders' approval will be obtained.

### **Subscription Price:**

The Subscription Price of HK\$0.125 per Share is determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Subscriber. The Subscription Price represents:

- (a) a discount of approximately 19.35% on the closing price of HK\$0.155 per Share as quoted on the Stock Exchange on 7 August 2019, being the date of the Subscription Agreement; and
- (b) a discount of approximately 17.22% on an average closing price of HK\$0.151 per Share as quoted on the Stock Exchange for the last five (5) trading days immediately before the date of the Subscription Agreement.

### **Subscriptions Shares:**

As at the date of this announcement, a total of 3,094,517,408 Shares were issued. The Subscription Shares to be issued pursuant to the Subscription Agreement represent approximately 17.45% of the existing issued share capital of the Company and approximately 14.858% of its issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares.

### **Mandate to issue the Subscription Shares:**

The Subscription Shares will be allotted and issued under the General Mandate granted to the Directors pursuant to the resolutions of the Shareholders passed at the AGM. As at the date of this announcement, no general mandate has been utilized. The number of Shares which could be issued and allotted under the General Mandate is 618,903,481 Shares as at the date hereof. As such, the current General Mandate is sufficient for the issue and allotment of the Subscription Shares. No separate Shareholders' approval is required for the Subscription.

### **Ranking:**

The Subscription Shares, when issued and fully paid, will rank pari passu in all respects with all existing Shares presently in issue and at the time of issue and allotment of the Subscription Shares.

### **Conditions Precedent of the Subscription:**

The Subscription is conditional on the granting of a listing of and permission to deal in the Subscription Shares by the Listing Committee of the Stock Exchange.

**If the condition is not fulfilled on or before 7 November 2019 (or such other date as the parties may mutually agree) the Subscription Agreement shall lapse.**

### **Completion of Subscription:**

The completion of the Subscription will be on the 2nd Business Day immediately after the condition of the Subscription has been fulfilled (or such other date as the parties may agree).

**The completion of the Subscription is subject to the satisfaction of the conditions in the Subscription Agreement and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

### **APPLICATION FOR LISTING**

An application will be made by the Company to the Stock Exchange for granting the listing of and permission to deal in the Subscription Shares.

### **USE OF PROCEEDS**

The net proceeds from the Subscription to be received by the Company upon completion of the Subscription will amount to approximately HK\$67,300,000 after deducting professional fees and all related expenses. On this basis, the net issue price per Subscription Share is approximately HK\$0.1246 per Share.

The Company intends to use the net proceeds raised from the Subscription for general working capital of the Company and its subsidiaries, acquisition of business (if any) if opportunities arise and repayment of some of the indebtedness of the Group.

## REASONS FOR THE SUBSCRIPTION

The Group is principally engaged in speakers trading and energy trading businesses.

The Subscription represents a valuable opportunity for the Company to introduce the Subscriber as a strategic Shareholder and broaden the Shareholders' base. The Directors are also of the view that the Subscription can strengthen the financial position and broaden the capital base of the Company, which provides extra funding to the Group to pursue future business development opportunities besides considering the recent uncertainties in the global financial market.

The Board has reviewed other alternative fund-raising methods such as debt financing, rights issue or open offer. The Board has considered that debt financing may incur interest burden on the Group and may be subject to lengthy due diligence process and negotiations with banks as well as the prevailing financial market condition, which may be relatively uncertain and time-consuming. On the other hand, rights issue or open offer will involve the issue of listing documents with other application and administrative procedures which may require relatively longer time and additional administrative cost to complete as compared to the equity financing by way of issuing of new Shares under the General Mandate.

The Directors consider the terms of the Subscription Agreement is on normal commercial terms and are fair and reasonable based on the current market conditions. Having considered the aforesaid, the Directors (including the independent non-executive Directors) are of the view that the Subscription is in the interests of the Company and the Shareholders as a whole.

## FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has conducted the following fundraising activity in the past twelve months immediately preceding the date of this announcement:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of announcement
29 May 2019, 11 June 2019, 2 July 2019, 7 July 2019 and 17 July 2019	Issuance of Convertible Bonds under General Mandate	HK\$110,952,907	Redemption of 2017 Notes and settlement of outstanding indebtedness in relation thereto	Redemption of 2017 Notes and settlement of outstanding indebtedness in relation thereto

Save as abovementioned, the Company had not conducted any other fundraising exercise in the past twelve months immediately preceding the date of this announcement.

## EFFECT OF THE SUBSCRIPTION ON SHAREHOLDING STRUCTURE

Assuming no new Shares are issued before completion, the share capital and shareholding structure of the Company as at the date of this announcement and immediately upon completion of the Subscription are as follows:

Name of Shareholder	Shareholding as at the date of this announcement		Shareholding immediately upon completion of the Subscription	
	<i>Number of Shares</i>	<i>Approximate % of share capital of the Company</i>	<i>Number of Shares</i>	<i>Approximate % of share capital of the Company</i>
Mr. Lin Caihuo	928,284,839	29.998%	928,284,839	25.541%
Oriental Gold Honour Joy International Holdings Limited	892,768,273	28.85%	892,768,273	24.563%
The Subscriber	Nil	Nil	540,000,000	14.858%
Other public Shareholders	<u>1,273,464,746</u>	<u>41.16%</u>	<u>1,273,464,746</u>	<u>35.038%</u>
<b>Total</b>	<b>3,094,517,408</b>	<b>100%</b>	<b>3,634,517,408</b>	<b>100%</b>

## PUBLIC FLOAT

The Company will be able to comply with the public float requirement under the Listing Rules immediately after completion of the Subscription.

## DEFINITIONS

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

“2017 Notes”	The HK\$100,000,000 6% notes due 2019 issued by the Company in 2017
“AGM”	the annual general meeting of the Company held on 31 May 2019
“associates”	having the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than Saturdays) on which banks in Hong Kong are generally open for business
“Company”	Yuhua Energy Holdings Limited (Stock Code: 2728), a company incorporated in the Cayman Islands whose Shares are listed on the Stock Exchange

“Directors”	the directors of the Company
“General Mandate”	the general mandate granted to the Directors pursuant to the resolutions of the Shareholders passed at the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of the Hong Kong Special Administrative Region
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and the connected persons of the Company in accordance with the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	ordinary share(s) of HK\$0.00125 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Super Wise International Investment Limited, a company incorporated in the British Virgin Islands with limited liability wholly owned by Cui Xianguo (崔憲國)
“Subscription”	the subscription of the Subscription Shares pursuant to the terms of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 7 August 2019 and made between the Company and the Subscriber
“Subscription Price”	HK\$0.125 per Subscription Share
“Subscription Shares”	a total of 540,000,000 new Shares to be issued by the Company to the Subscriber pursuant to the Subscription Agreement

“US\$” United States Dollars, the lawful currency of the United States of America

“%” per cent.

By Order of the Board  
**Yuhua Energy Holdings Limited**  
**Yuan Hongbing**  
*Executive Director*

Hong Kong, 7 August 2019

*As at the date of this announcement, the Company has three executive Directors, namely Mr. Lin Caihuo (Chairman), Mr. Chen Jinle and Mr. Yuan Hongbing, one non-executive Director, namely Mr. Wang Shoulei, and three independent non-executive Directors, namely Mr. Xu Changyin, Mr. Tche Heng Hou Kevin and Mr. Liu Yang.*

\* *for identification purposes only*