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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)

SUPPLEMENTAL ANNOUNCEMENT PLACING OF NEW SHARES UNDER GENERAL MANDATE

Reference is made to the announcement of Yuhua Energy Holdings Limited (the “**Company**”) dated 7 August 2019 (the “**Announcement**”) in relation to placing of new shares under general mandate. Terms used herein shall have the same meanings as defined in the Announcement unless otherwise stated.

The Board wishes to provide potential investors and Shareholders with the following further information in relation to the Subscription.

INFORMATION OF THE SUBSCRIBER

The Subscriber is an investment holding company. Mr. Cui Xianguo (“**Mr. Cui**”), the sole shareholder of the Subscriber, has been working in the oil trading business since 2000 and is the general manager of Dongying Hengfeng Chemical Co., Ltd. (東營市恒豐化工有限公司).

The Company was introduced to the Subscriber by a local financial institution at or around June 2019.

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. There is no other relationship between the Subscriber, Mr. Cui, Win Win International Strategic Investment Funds SPC (the subscriber of the convertible notes issued by the Company on 17 July 2019) and the Company.

SHAREHOLDING STRUCTURE

The shareholding structures as at (i) the date of the Announcement, (ii) immediately after the completion of the Subscription and (iii) upon completion of the Subscription and full conversion of the convertible notes issued on 17 July 2019 into conversion shares (assuming there is no other change in the shareholding structure) are as follows:

	Shareholding as at the date of this announcement		Shareholding immediately upon completion of the Subscription		Shareholding upon completion of the Subscription and full conversion of the convertible notes issued on 17 July 2019 into conversion shares	
	<i>Approximately</i>		<i>Approximately</i>		<i>Approximately</i>	
	<i>Number of shares held</i>	<i>% of Shares in issue</i>	<i>Number of shares held</i>	<i>% of Shares in issue</i>	<i>Number of shares held</i>	<i>% of Shares in issue</i>
Mr. Lin Caihuo	928,284,839	29.998%	928,284,839	25.541%	928,284,839	21.906%
Oriental Gold Honour Joy International Holdings Limited	892,768,273	28.850%	892,768,273	24.563%	892,768,273	21.068%
The Subscriber	0	0%	540,000,000	14.858%	540,000,000	12.743%
Win Win International Strategic Investment Funds SPC	0	0%	0	0%	603,004,929	14.230%
Other public Shareholders	<u>1,273,464,296</u>	<u>41.152%</u>	<u>1,273,464,296</u>	<u>35.038%</u>	<u>1,273,464,296</u>	<u>30.053%</u>
Total	<u><u>3,094,517,408</u></u>	<u><u>100%</u></u>	<u><u>3,634,517,408</u></u>	<u><u>100%</u></u>	<u><u>4,237,522,337</u></u>	<u><u>100%</u></u>

USE OF PROCEEDS

As disclosed in the Announcement, the net proceeds from the Subscription are intended to be used 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. Among the HK\$67,300,000 of the net proceeds from the Subscription, (i) approximately HK\$54.3 million will be allocated for the general working capital of the Company and expected to be utilized by December 2019; (ii) approximately HK\$5 million will be allocated for the acquisition of business (if any) if opportunities arise and be expected to be utilized in around September 2019; and (iii) approximately HK\$8 million will be allocated for the repayment of some of the indebtedness of the Group and be expected to be utilized by August 2019.

In relation to the acquisition of business, the Company has yet to confirm an acquisition target but has identified a number of potential oil trading business target subject to further negotiations.

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

Hong Kong, 12 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. Liu Yang, Mr. Xu Changyin and Mr. Tche Heng Hou Kevin.

** for identification purposes only*