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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Yuhua Energy Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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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)**

**ADOPTION OF NEW SHARE OPTION SCHEME  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

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A notice convening the Extraordinary General Meeting of Yuhua Energy Holdings Limited to be held at Suites 903-905, 9th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong on Monday, 16 September 2019, at 4:00 p.m. is set out on pages 17 to 18 of this circular. A form of proxy for use at the Extraordinary General Meeting is enclosed. Whether or not you intend to attend and vote at the Extraordinary General Meeting or any adjourned meeting (as the case may be) in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for holding such meeting or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Extraordinary General Meeting or any adjourned meeting (as the case may be) should you so wish.

28 August 2019

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## DEFINITIONS

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*In this circular, the following expressions have the following meanings unless the context requires otherwise:*

“Articles”	the articles of association of the Company
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Company”	Yuhua Energy Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares are listed and traded on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held at Suites 903-905, 9th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong on Monday, 16 September 2019, at 4:00 p.m., the notice of which is set out on pages 17 to 18 of this circular, or any adjournment thereof
“EGM Notice”	the notice convening the Extraordinary General Meeting which is set out on pages 17 to 18 of this circular
“Group”	the Company and its subsidiaries
“HK\$” or “Hong Kong Dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	26 August 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.00125 each in the share capital of the Company

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## DEFINITIONS

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“Share Option Scheme”	the share option scheme which is proposed to be adopted by the Company at the Extraordinary General Meeting, a summary of the principal terms of which are set out in Appendix I of this circular
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholders”	has the meaning ascribed thereto in the Listing Rules
“%”	per cent.

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## **RESPONSIBILITY STATEMENT**

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This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.



**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)**

*Executive Directors:*

Mr. Lin Caihuo (*Chairman of the Board*)

Mr. Chen Jinle

Mr. Yuan Hongbing

*Non-executive Director:*

Mr. Wang ShouLei

*Independent Non-executive Directors:*

Mr. Tche Heng Hou Kevin

Mr. Liu Yang

Mr. Xu Changyin

*Registered office:*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Principal place of business*

*in Hong Kong:*

Unit 1802, 18/F,

Ruttonjee House,

11 Duddell Street, Central

Hong Kong

28 August 2019

*To all Shareholders*

Dear Sir or Madam,

**ADOPTION OF NEW SHARE OPTION SCHEME  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide Shareholders with information in connection with the proposals at the Extraordinary General Meeting to adopt the Share Option Scheme.

**ADOPTION OF NEW SHARE OPTION SCHEME**

The former share option scheme of the Company expired on 25 June 2015. The Company currently has no share option scheme in place.

In view of the expiration of the former share option scheme of the Company, an ordinary resolution will be proposed at the Extraordinary General Meeting to adopt a new Share Option Scheme. Following the expiry of the former share option scheme of the Company, no further options will be granted under such scheme, but in all other respects the provisions of the

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## LETTER FROM THE BOARD

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former share option scheme of the Company will remain in full force and effect and options granted prior to such termination will continue to be valid and exercisable in accordance with the rules of the former share option scheme of the Company. As at the Latest Practicable Date, 123,200,000 options have been granted and remained outstanding under the former share option scheme of the Company.

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentives to the Eligible Persons, to recognize and acknowledge the contributions that the Eligible Persons have made or may make to the Group and to promote the success of the business of the Group. The eligibility of those parties other than employees and directors of the Group will be determined by the Board according to their potential and/or actual contribution to the business affairs and benefits of the Group. Furthermore, the Board considers that the Eligible Persons (whether employees or otherwise) will share common interests and objectives with the Group upon their exercise of the Options, which is beneficial to the long-term development of the Group. Rule 17.02(1)(a) of the Listing Rules requires a share option scheme of a listed issuer to be approved by the shareholders of the listed issuer in general meeting.

A summary of the principal terms of the Share Option Scheme is set out in Appendix I to this circular. A copy of the Share Option Scheme will be available for inspection during normal business hours at the office of the Company at Unit 1802, 18/F, Ruttonjee House, 11 Duddell Street, Central, Hong Kong, from the date of this circular up to the date of the Extraordinary General Meeting (both days inclusive). The Share Option Scheme does not specify a minimum period for which an Option (as defined in Appendix I) must be held nor a performance target which must be achieved before an Option can be exercised. However, the rules of the Share Option Scheme provide that the Board may determine, at its sole discretion, such term(s) on the grant of an Option. The basis for determination of the subscription price is also specified in the rules of the Share Option Scheme. The Directors consider that the aforesaid criteria and rules will serve to preserve the value of the Company and encourage Eligible Persons to acquire proprietary interests in the Company. The adoption of the Share Option Scheme is conditional upon: (1) the Shareholders passing an ordinary resolution at the Extraordinary General Meeting to approve and adopt the Share Option Scheme; and (2) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of Options. If the above condition (2) above is not satisfied within three months after the date of adoption of the Share Option Scheme, the Share Option Scheme shall forthwith determine and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme. Based on the 3,634,517,408 Shares in issue as at the Latest Practicable Date and assuming that there is no change in the issued share capital of the Company before the Extraordinary General Meeting, the maximum number of Shares that can be issued upon exercise of options that may be granted under the proposed Share Option Scheme, and any other share option scheme, is 363,451,740 Shares, representing approximately 10% of the total number of Shares in issue.

The Directors consider that it is not appropriate to state the value of all the Options that can be granted pursuant to the Share Option Scheme as if they had been granted at the Latest Practicable Date. The Directors believe that any statement regarding the value of the Options

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## LETTER FROM THE BOARD

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as at the Latest Practicable Date will not be meaningful to the Shareholders, taking into account the number of variables which are crucial for the calculation of the Option value which have not been determined. Such variables include the subscription price, exercise period, any lockup period and performance targets which the Directors may set under the Share Option Scheme and other relevant variables. In the premises, the Directors are of the view that the value of the Options depends on a number of variables which are either difficult to ascertain or can only be ascertained subject to a number of theoretical bases and speculative assumptions. Accordingly, the Directors believe that any calculation of the value of the Options would not be meaningful and may be misleading to the Shareholders in the circumstances. None of the Directors is or will be a trustee of the Share Option Scheme or has a direct or indirect interest in any such trustee.

Application will be made to the Stock Exchange for approval of the listing of, and permission to deal in, the Shares that may be issued pursuant to the exercise of Options that may be granted under the Share Option Scheme. As at the Latest Practicable Date, no Shareholder has a material interest in the adoption of the Share Option Scheme. As such, no Shareholder is required to abstain from voting on the resolution in relation thereto.

### **EXTRAORDINARY GENERAL MEETING**

The EGM Notice is set out on pages 17 to 18 of this circular for the purpose of considering and, if thought fit, passing the resolutions set out therein.

A form of proxy for the Extraordinary General Meeting is enclosed herewith. Whether or not you are able to attend the Extraordinary General Meeting in person, please complete and return the form of proxy in accordance with the instructions printed thereon to the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the Extraordinary General Meeting or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the Extraordinary General Meeting or any adjourned meeting (as the case may be) should you so wish. Pursuant to the Listing Rules, voting by poll is required for any resolution put to vote at the Extraordinary General Meeting.

### **VOTING BY POLL AT THE EXTRAORDINARY GENERAL MEETING**

Pursuant to Rule 13.39 of the Listing Rules and article 66 of the Articles, any votes of the Shareholders at a general meeting must be taken by poll. An announcement on the poll results will be published after the Extraordinary General Meeting in the manner prescribed under Rule 13.39(5) of the Listing Rules.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

The Board considers that the adoption of the Share Option Scheme are in the interests of the Company and the Shareholders as a whole, and therefore recommends the Shareholders to vote in favour of all of the relevant resolutions to be proposed at the Extraordinary General Meeting.

Your attention is drawn to the information set out in the Appendix I to this circular.

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

*The following is a summary of the principal terms of the Share Option Scheme to be proposed at the Extraordinary General Meeting:*

For the purpose of this appendix, unless the context otherwise requires:

- “Eligible Employee” any employee including executive directors (whether full time or part time) of the Company, any subsidiary or any invested entity;
- “Eligible Person” means:
- (a). any Eligible Employee;
  - (b). any non-executive director (including any independent non-executive director) of the Company, any subsidiary or any invested entity; or
  - (c). any shareholder of the Company, any subsidiary or any invested entity or any holder of securities issued by the Company, any subsidiary or any invested entity;
  - (d). any person or entity that provides research, development or other technological support to the Company, any subsidiary or any invested entity;
  - (e). any supplier of goods and/or services to the Company, any subsidiary or any invested entity;
  - (f). any person or entity that is a business collaborator, business consultant, joint venture or business partner, technical, financial, legal and other professional advisers engaged by the Company, any subsidiary or invested entity;
  - (g). any associate of the directors or the substantial shareholders of the Company, any subsidiary or any invested entity who has, in the opinion of the Board, made contribution to the business growth of the Company, any subsidiary or any invested entity; or
  - (h). the trustee of any trust pre-approved by the Board, the beneficiary (or in case of discretionary trust, the discretionary objects) of which includes any of the above-mentioned persons;

“Inside Information”	has the meaning defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) as amended from time to time;
“Main Board”	means the Main Board operated by the Stock Exchange;
“Option”	means an option to subscribe for the Shares granted pursuant to the Share Option Scheme;
“Option Period”	means in respect of any particular Option, the period to be notified by the Board to each Participant which shall not exceed 10 years from the date upon which the Option is deemed to be granted and accepted;
“Other Schemes”	means any other share option schemes (if any) adopted by any member of the Group from time to time;
“Participant”	means any Eligible Person who accepts the offer of any Option in accordance with the terms of the Share Option Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Participant; and
“Shareholders”	means shareholders of the Company from time to time.

**(a) Purpose of the Share Option Scheme**

The Share Option Scheme enables the Company to grant share options to Eligible Persons as incentives or rewards for their contributions to the Group and/or enable the Group to recruit and retain high caliber employees and attract human resources that are valuable to the Group.

**(b) Who may join and Eligibility Criteria**

The Board may, at its discretion, invite any Eligible Persons to take up Options at a price calculated in accordance with sub-paragraph (d) below.

The eligibility of those parties other than employees and directors of the Group will be determined by the Board according to their potential and/or actual contribution to the business affairs and benefits of the Group. Furthermore, the Board considers that the Eligible Persons (whether employees or otherwise) will share common interests and objectives with the Group upon their exercise of the Options, which is beneficial to the long-term development of the Group.

Upon acceptance of the Option, the Eligible Person shall pay HK\$1.00 to the Company by way of consideration for the grant. The Option will be offered for acceptance for a period of 28 days from the date on which the Option is offered to an Eligible Person.

**(c) Grant of option**

Any grant of Options must not be made after an Inside Information or a price sensitive development has occurred or a price sensitive matter has been the subject of a decision, until such price sensitive information has been announced pursuant to the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (i) the date of the Board meeting for the approval of the Company's quarterly (if any), interim or annual results; and (ii) the deadline for the Company to publish its quarterly (if any), interim or annual results announcement under the Listing Rules, and ending on the date of the results announcement, no Option may be granted. The total number of the Shares issued and to be issued upon exercise of the Options granted to a Participant under the Share Option Scheme (including both exercised and outstanding Options) in any 12 month period must not exceed 1 per cent. of the Shares in issue from time to time, provided that if approved by Shareholders in general meeting with such Participant and his associates abstaining from voting, the Company may make a further grant to such Participant (the "Further Grant") notwithstanding that the Further Grant would result in the Shares issued and to be issued upon exercise of all options granted and to be granted under the Share Option Scheme and Other Schemes to such participant (including exercised, cancelled and outstanding options) in the 12 month period up to and including the date of the Further Grant representing in aggregate over 1 per cent. of the Shares in issue from time to time. In relation to the Further Grant, the Company must send a circular to the Shareholders, which discloses the identity of the relevant Participant, the number and the terms of the Options to be granted (and options previously granted to such Participant under the Share option Scheme and Other Scheme) and the information required under the Listing Rules. The number and terms (including the exercise price) of Options which is the subject of the Further Grant shall be fixed before the relevant Shareholders' approval and the date of meeting of the Board meeting for proposing the Further Grant should be taken as the date of grant for the purpose of calculating the relevant subscription price.

**(d) Price of the Shares**

The subscription price for the Shares subject to Options will be a price determined by the Board and notified to each Participant and will be at least the highest of (i) the closing price of the Shares on the Main Board as stated in the Stock Exchange's daily quotations sheet on the date of grant of the Option, which must be a business day; (ii) the average closing price of the Shares on the Main Board as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share.

**(e) Maximum number of the Shares**

- (i) The total number of the Shares which may be issued upon exercise of all options granted or to be granted under the Share Option Scheme and the Other Scheme must not in aggregate exceed 363,451,740 Shares, representing 10% of the Shares in issue as at the date of the Extraordinary General Meeting, on the basis that no further Shares will be issued prior to the date of the Extraordinary General Meeting (the “Scheme Mandate Limit”) provided that options lapsed in accordance with the terms of the Share Option Scheme or the Other Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.
- (ii) Subject to the approval of shareholders in general meeting, the Company may refresh the Scheme Mandate Limit to the intent that the total number of the Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and the Other Scheme under the Scheme Mandate Limit as refreshed must not exceed 10% of the Shares in issued as at the date of such Shareholders’ approval provided that options previously granted under the Share Option Scheme and the Other Schemes (including those outstanding, cancelled, exercised or lapsed in accordance with the terms thereof) will not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed.
- (iii) Subject to the approval of Shareholders in general meeting, the Company may also grant Options beyond the Scheme Mandate Limit provided that the Options in excess of the Scheme Mandate limit are granted only to Eligible Persons specifically identified by the Company before such Shareholders’ approval is sought. In relation to the Shareholders’ approval referred to in this subparagraph (iii), the Company shall send a circular to its Shareholders containing a generic description of the identified Participants, the number and terms of the Options to be granted, the purpose of granting Options to the identified Participants, an explanation as to how the terms of such Options serve the intended purpose and such other information required by the Listing Rules and as the Shareholders consider applicable.
- (iv) Notwithstanding the foregoing, the Company may not grant any Option if such grant will result in the number of the Shares which may be issued upon exercise of all outstanding options granted any yet to be exercise under the Share Option Scheme and Other Scheme exceeding 30% of the Shares in issue from time to time.

**(f) Time of exercise of option**

An Option may be exercised in accordance with the terms of the Share Option Scheme at any time during Option Period. The Share Option Scheme does not require a minimum period for which an Option must be held or a performance target which must be achieved before an Option can be exercised.

**(g) Rights are personal to grantee**

An Option shall be personal to the Participant and shall not be assignable and no Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option.

**(h) Rights on death**

If a Participant dies before exercising the Option in full, his or her personal representative(s) may exercise the Option in full (to the extent that it has become exercisable on the date of death and not already exercised) within a period of 12 months from the date of death, failing which the Option will lapse.

**(i) Changes in capital structure**

If there is any alteration in the capital structure of the Company while any Option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of the Company (other than an issue of shares as consideration in respect of a transaction to which any member of the Group is a party) or otherwise, such corresponding alterations (if any) shall be made in:

- (i) the number of the Shares (without fractional entitlements) which is the subject of the Option so far as unexercised; and/or
- (ii) the subscription price of the Option.

Except alterations made on a capitalisation issue, any alteration to the number of the Shares which is the subject of the Option and/or the subscription price of the Option shall be conditional on the auditors of the Company confirming in writing to the Board that the alteration made is on the basis that the proportion of the issued share capital of the Company to which a Participant is entitled after such alteration shall remain the same as that to which he or she was entitled before such alteration. No such alteration shall be made to the effect of which would result in the aggregate amount payable on the exercise of any Option in full being increased. The capacity of the auditors is that of experts and not of arbitrators and their certification shall be final and binding on the Company and the Participants in the absence of manifest error. The costs of the auditors in so certifying shall be borne by the Company.

**(j) Rights on take-over**

If a general offer has been made to acquire all of the issued Shares other than those held by the offeror and any persons acting in concert with the offeror, and such offer, having been approved in accordance with applicable laws and regulatory requirements, become or is declared unconditional, the Participants shall be entitled to exercise his or her outstanding Option to its full extent or any part thereof within 14 days after the date

on which such offer becomes or is declared unconditional. For the purposes of this paragraph, “acting in concert” shall have the meaning ascribed to it under the Hong Kong Code on Takeovers and Mergers.

**(k) Rights on a compromise or arrangement**

- (i) If an application is made to the court (otherwise than where the Company is being voluntarily wound up) pursuant to the Companies Law or the Companies Ordinance in connection with a proposed compromise or arrangement between the Company and its creditors (or any class of them) or between the Company and its Shareholders (or any class of them), a Participant may by notice in writing to the Company, within the period of 21 days after the date of such application, exercise his or her outstanding Option to its full extent or to the extent specified in such notice. Upon the proposed compromise or arrangement becoming effective, all Options shall lapse. Notice of the application referred to herein and the effect thereof shall be given by the Company to all Participant as soon as practicable.
- (ii) In the event of a notice being by the Company to its Shareholders to convene a general meeting for the purpose of considering, and if thought fit, approving a resolution to voluntarily wind up the Company when the Company is solvent, the Company shall, on the day of such notice to each Shareholder or as soon as practicable, give notice thereof to all participants. Thereupon each Participant shall be entitled to exercise all or any of his outstanding Options at any time no later than two business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given, whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the Participants credited as fully paid.

**(l) Lapse of option**

An Option shall lapse forthwith (to the extent not already exercise) on the earliest of:

- (i) the relevant Option Period of the Option having expired;
- (ii) the first anniversary of the death of the Participant;
- (iii) in the event that the Participant was an employee or officer (including director), consultant or adviser of any member of the Group on the date of Option offered to him/her, the date on which such member of the Group terminates the Participant’s employment, consultancy or engagement (as the case may be) on the ground that the Participant commits an act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence involving his or her

integrity or honesty, a resolution of the Board to the effect that such employment or office, consultancy or engagement (as the case may be) has or has not been terminated or removed on one or more of the grounds specified in this sub-paragraph shall be conclusive;

- (iv) in the event that the Participant was an employee or officer (including director), consultant or adviser of any member of the Group on the date of Option offered to him/her, three months from the date of the Participant ceasing to be an employee or officer (including director), consultant or adviser of such member of the Group other than due to the reasons as set out under sub-paragraph (iii) above, such as:
  - (1) his or her retirement on or after attaining normal retirement age or, with the express consent of the Board in writing for the purpose of this sub-paragraph, at a younger age;
  - (2) ill health or disability recognized as such expressly by the Board in writing for the purpose of this sub-paragraph (2);
  - (3) the company by which he/she is employed and/or of which he/she is a director (if not the Company) ceasing to be a subsidiary of the Company;
  - (4) in the event that the Participant is an employee or an officer (including director), consultant or adviser of a member of the Group, expiry of his/her employment contract, term of office, consultancy or engagement with such member in the Group and such contract, term of office, consultancy or engagement is not immediately extended or renewed; or
  - (5) at the discretion of the Board, any reason other than death or the reasons described in subparagraphs (iii) or (iv)(1) to (4) above;
- (v) the expiry of any period referred to in paragraphs (j) and (k), provided that: (i) in the case of paragraph (k)(i), all Options granted shall lapse upon the proposed compromise or arrangement becoming effective; (ii) in the case of paragraph (j), the offeror may exercise any Options tendered in acceptance of its offer within 6 months of the closing date of such offer;
- (vi) the date the Participant commits any breach of the provisions of paragraph (g).

**(m) Ranking of the Shares**

The Shares to be allotted and issued upon the exercise of an Option will be subject to the Company's articles of association and will rank *pari passu* in all respects with the fully paid or credited as fully paid Shares in issue on the date of such issue.

**(n) Cancellation of options granted**

Any cancellation of Options granted but not exercise must be approved by the Shareholders in general meeting, with Participants and their associates abstaining from voting. Any vote taken at the meeting to approve such cancellation must be taken by poll. Cancelled Options may be re-issued after such cancellation has been approved, provided such re-issued Options shall only be granted in compliance with the terms of the Share Option Scheme. Details of the Options granted, including Options exercised or outstanding, under the Share Option Scheme, and Option that became void or non-exercisable as a result of termination must be disclosed in the circular to the shareholders seeking approval for the new scheme to be established after such termination.

Notwithstanding the above, new Options may be granted to the Option holder in substitution of his cancelled Options subject to the availability of the unissued Options (excluding the cancelled Options) within the Scheme Mandate Limit.

**(o) Period of Share Option Scheme**

The Share Option Scheme will remain valid for a period of 10 years commencing on the date of Extraordinary General Meeting after which period no further Options may be granted but the provisions of the Share Option Scheme shall remain in all other respects in full force and effect in respect of any Options granted prior thereto but not yet exercised at the time of termination, which shall continue to be exercisable in accordance with their terms of grant.

**(p) Alteration to and Termination of Share Option Scheme**

The Share Option Scheme may be altered in any respect by resolution of the Board, except that the provisions of the Share Option Scheme relating to matters contained in Rule 17.03 of the Listing Rules shall not be altered to the advantage of the Participants or prospective Participants except with the prior sanction of a resolution of the Company in general meeting (with the Eligible Persons, the Participants and their associates abstaining from voting). No alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such number of the Participants as shall together hold outstanding Options in respect of not less than three-fourths in nominal value of all Shares then subject to the outstanding Options held by all Participants. Any alteration to the terms and conditions of the Share Option Scheme which are of a material nature shall first be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of the Share Option Scheme.

The Company by ordinary resolution in general meeting may at any time terminate the operation of the Share Option Scheme before the end of its life and in such event no further Options will be offered but the provisions of the Share Option Scheme shall remain in all other respects in full force and effect in respect of Options granted prior thereto but not yet exercised at the time of termination which shall continue to be exercisable in accordance with their terms of grant.

**(q) Grant of options to connected persons, Directors or any of their associates**

Where Options are proposed to be granted to a Connected Person (within the meaning ascribed to it under Rules 14A.10 and 14A.11 of the Listing Rules) or any of their respective associates, the proposed grant must be approved by all independent non-executive Directors (excluding any independent non-executive Director who is a prospective grantee of the Options).

If a grant of Options to a substantial Shareholder or an independent non-executive Director or any of their respective associates will result in the total number of the Shares issued and to be issued upon exercise of the Options granted and to be granted to such person under the Share Option Scheme and the Other Scheme (including both exercised and outstanding Options) in any 12-month period up to and including the proposed date of the grant exceeding 0.1% of the Shares in issue and having an aggregate value, based on the closing price of the Shares at the proposed date of each grant, in excess of HK\$5 million, then the proposed grant of Options must be subject to Shareholders' approval in general meeting taken on a poll. All such connected persons must abstain from voting at such general meeting, except that any such connected person may vote against the resolution provided that his intention to do so has been stated in the circular relating to such Shareholders' approval. Shareholders' approval will also be required for any change in the terms of any Options granted to an Eligible Person who is a substantial Shareholder (as defined in the Listing Rules), an independent non-executive Director or their respective associates.

In relation to the Shareholder's approval, the circular must contain the following:

- (i) details of the number and terms of the Options (including the subscription price relating thereto) to be granted to each Eligible Person;
- (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is a prospective grantee of the Options in question) to the independent Shareholders as to voting; and
- (iii) all other information as required by the Listing Rules.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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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)**

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Extraordinary General Meeting of Yuhua Energy Holdings Limited (“**Company**”) will be held at Suites 903-905, 9th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong on Monday, 16 September 2019, at 4:00 p.m. for the purposes of considering and, if thought fit, passing, with or without modifications, the following resolutions:

#### ORDINARY RESOLUTIONS

“**THAT** conditional upon The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting approval for the listing of, and permission to deal in, the shares of the Company (the “**Share(s)**”) falling to be issued and allotted pursuant to the new share option scheme (the “**Share Option Scheme**”), the terms of which are set out in the document marked “A” which has been produced to this meeting and signed by the chairman of this meeting for the purpose of identification, the Share Option Scheme be and is hereby approved and adopted and the Directors be and are hereby authorised to grant options and to allot, issue and deal with Shares pursuant to the exercise of any option granted thereunder and to take all such steps as they may consider necessary or expedient to implement the Share Option Scheme.”

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

Hong Kong, 28 August 2019

*Principal place of business in Hong Kong:*

Unit 1802, 18/F

Ruttonjee House

11 Dudell Street, Central

Hong Kong

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Notes:*

1. A member entitled to attend and vote at the above meeting (or at any adjournment thereof) is entitled to appoint another person as his proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. Where there are joint registered holders of any shares, any one of such persons may vote at the above meeting (or at any adjournment thereof), either personally or by proxy, in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders be present at the above meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority (such certification to be made by either a notary public or a solicitor qualified to practise in Hong Kong), must be deposited with the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time fixed for holding the above meeting or any adjournment thereof.
4. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the Extraordinary General Meeting or any adjourned meeting (as the case may be) should he so wish.
5. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.