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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)

DISCLOSEABLE TRANSACTION ACQUISITION OF VESSEL

The Board is pleased to announce that on 15 November 2016, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the MOA in respect of the Acquisition of the Vessel at the Consideration of US\$5,800,000 (equivalent to approximately HK\$45,240,000).

As one or more of the applicable percentage ratios in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting and announcement requirements under the Listing Rules.

THE ACQUISITION

The Board is pleased to announce that on 15 November 2016, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the MOA in respect of the Acquisition of the Vessel at the Consideration of US\$5,800,000 (equivalent to approximately HK\$45,240,000). The principal terms of the MOA are set out below:

Date of MOA

15 November 2016

Parties

- (1) Great Lakes Shipping Maritime Inc. as Seller; and
- (2) Yuhua Energy (Hong Kong) Limited as Purchaser

Assets to be acquired

Pursuant to the MOA, the Purchaser has agreed to buy and the Seller has agreed to sell the Vessel named “MT ZHU MIN VICTORIA” with the following particulars:

- | | | |
|-------------------------------|---|----------------------------|
| (1) IMO Number | : | 9157519 |
| (2) Classification Society | : | Nippon Kaiji Kyokai |
| (3) Class Notation | : | NS(TOB/CT II&III)(ESP) MNS |
| (4) Year of Build | : | 1997 |
| (5) Flag | : | Panama |
| (6) Place of Registration | : | Panama |
| (7) Gross Tonnage/Net Tonnage | : | 9,549/4,830 |

Consideration and payment terms

The Consideration for the Acquisition of the Vessel is US\$5,800,000 (equivalent to approximately HK\$45,240,000) and shall be payable by the Purchaser to the Seller in the following manner:

- (1) The Deposit equivalent to 10% of the Consideration shall be lodged in the Escrow Account within three (3) Banking Days from the later of: (a) the date of the MOA; or (b) the day on which the Escrow Account was established.

The Deposit shall not be withdrawn by the Purchaser without written consent from the Seller.

- (2) Payment of the remaining balance of the Consideration and sufficient amount of fund to settle remaining bunkers, unused and unbroached luboils, expenses incurred by the Purchaser during the observation voyage (victualing, accommodation and radio communications charges), bank charges and other expenses payable to the Seller under the MOA shall be made to the Escrow Account not later than three (3) Banking Days after the date on which the notice of readiness, which shall not be tendered before 1 December 2016, has been given.

The Consideration shall be released to the Seller on delivery of the Vessel in accordance with the terms and conditions of the MOA.

It is intended that the Consideration will be funded by internal resources of the Group and/or other borrowings, if necessary.

Other expenses

Bank charges, fees and commissions incurred by the nominated bank for opening the Escrow Account and any other transaction of money including but not limited to those of which are incurred for receiving, holding, operating and releasing the Consideration and any other money payable to the Seller under the MOA shall be equally shared by the Seller and the Purchaser.

Basis of consideration

The Consideration was determined after arm's length negotiation between the Seller and the Purchaser with reference to the prevailing market value and the condition of the Vessel.

Delivery of the Vessel

The Vessel shall be delivered by the Seller to the Purchaser at a safe and accessible berth or anchorage at Zhejiang Province, the PRC at the Seller's option. The Seller shall keep the Purchaser well informed of the Vessel's itinerary and shall provide the Purchaser with fifteen (15), ten (10), five (5) and three (3) days' notice of the date the Seller intends to tender the notice of readiness, which shall not be tendered before 1 December 2016, and of the intended place of delivery.

When the Vessel is at the place of delivery and physically ready for delivery in accordance with the MOA, the Seller shall give the Purchaser a written notice of readiness for delivery. The Purchaser shall take over the Vessel within three (3) days from the day of receipt of such notice of readiness.

In the event that the Purchaser does not take delivery of the Vessel within the period specified above, the Purchaser shall pay the Seller for each day of delay up to the tenth (10th) day of delay the liquidated damages at the rate of US\$15,000/day or pro-rata. If the delay exceeds ten (10) days, then the Seller shall have the right to cancel the MOA and the Deposit shall be forfeited in favour of the Seller.

Cancelling Date

If the Seller anticipates that the Vessel will not be ready for delivery by Cancelling Date, they may notify the Purchaser in writing stating the date when they anticipate that the Vessel will be ready for delivery and proposing a new Cancelling Date. Upon receipt of such notification the Purchaser shall have the option of either cancelling the MOA within three (3) Banking Days of receipt of the notice or accepting the new date as the new Cancelling Date.

If the Purchaser has not declared their option within three (3) Banking Days of receipt of the Seller's notification or if the Purchaser accepts the new date, the date proposed in the Seller's notification shall be deemed to be the new Cancelling Date.

If the Purchaser has declared their option to cancel the MOA within three (3) Banking Days of receipt of the Seller's notification, the Deposit shall be released back to the Purchaser.

INFORMATION ON THE SELLER

The Seller is a company incorporated under the laws of the Republic of Panama and is primarily engaged in the business of buying, building, chartering and operating vessels of any kind, and the appurtenances thereof.

As at the date of this announcement, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Seller and its ultimate beneficial owners is a third party independent of and not connected with the Company and any of its connected persons (having the meaning ascribed to it under the Listing Rules).

INFORMATION ON THE GROUP

The Group is principally engaged in speaker units manufacturing and energy trading businesses.

REASONS FOR AND BENEFITS OF THE ACQUISITION

To further expand the development of the energy business and improve the overall resource configuration of the Group, the Directors have always been monitoring and constantly reviewing the current market conditions of the shipping business and are ready to establish the Group's own fleet when necessary to meet the needs of the business growth. The Vessel, upon delivery, is intended to provide transportation services for the Group to carry out international businesses. The Directors believe that the Acquisition would assist the Group in establishing its professional and self-organised team through such continuous assets portfolio management. The Group proposes to establish a shipping company to organise the management of the Vessel. The Directors believe that the Acquisition would not result in any material adverse impact on the Group's operations.

The Directors consider that the terms and conditions of the MOA are on normal commercial terms and are fair and reasonable, and that the Acquisition is in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the Vessel under the MOA
“Banking Day(s)”	day(s) on which banks are open in the United States of America, Philippines, the PRC and Hong Kong
“Board”	the Board of Directors
“Cancelling Date”	15 December 2016 or such other date as agreed between the Seller and the Purchaser in accordance with the terms and conditions of the MOA
“Company”	Yuhua Energy Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange
“Consideration”	the consideration of US\$5,800,000 (equivalent to approximately HK\$45,240,000) payable by the Purchaser to the Seller for the Acquisition
“Deposit”	10% of the Consideration
“Director(s)”	director(s) of the Company

“Escrow Account”	the client’s account with the bank of the Escrow Agent established in accordance with the terms and conditions of the Escrow Agreement
“Escrow Agent”	the escrow agent appointed by the Seller and the Purchaser pursuant to the Escrow Agreement
“Escrow Agreement”	the escrow agreement dated 15 Novmeber 2016 and entered into among the Seller, the Purchaser and the Escrow Agent in respect of the holding of the Consideration and expenses payable by the Purchaser pursuant to the MOA
“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 People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOA”	a memorandum of agreement dated 15 November 2016 entered into by the Seller and the Purchaser in relation to the Acquisition
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Yuhua Energy (Hong Kong) Limited, a company incorporated under the laws of Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company

“Seller”	Great Lakes Shipping Maritime Inc., a company incorporated under the laws of the Republic of Panama
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“Vessel”	the vessel named “MT ZHU MIN VICTORIA”
“%”	per cent.

For the purpose of this announcement, amounts denominated in US\$ have been translated into HK\$ at an exchange rate of US\$1:HK\$7.8. No representation is made that any amounts in US\$ and HK\$ can be or could have been converted at the relevant dates at the above rates or at any other rates at all.

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

Hong Kong, 15 November 2016

As at the date of this announcement, the Company has two executive Directors, namely Mr. Lin Caihuo (Chairman) and Mr. Wang Enguang, and three independent non-executive Directors, namely Mr. Liu Yang, Mr. Lum Pak Sum and Ms. Wong Yan Ki, Angel.