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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)

VOLUNTARY ANNOUNCEMENT THE PROJECT FRAMEWORK AGREEMENT

INTRODUCTION

This is a voluntary announcement made by Yuhua Energy Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for keeping the shareholders of the Company (the “**Shareholders**”) and potential investors informed of the latest business development of the Group.

On 30 November 2016 (after trading hours), Yuhua Energy (Zhangzhou) Co., Ltd* (裕華能源(漳州)有限公司) (“**Yuhua Zhangzhou**”), an indirect wholly-owned subsidiary of the Company established in the People’s Republic of China (the “**PRC**”) with limited liability, and the Administrative Committee of Fujian Zhangzhou Gulei Port Economic Development Zone (福建漳州古雷港經濟開發區管委會) (the “**Administrative Committee**”) entered into a project framework agreement (the “**Project Framework Agreement**”), pursuant to which the parties thereto agreed to form a cooperation relationship in relation to the investment and construction on (i) the storage and wholesale of crude oil, chemical raw materials and refined oil; (ii) the petrochemical commercial repository; and (iii) the logistics projects in Fujian Zhangzhou Gulei Port Economic Development Zone (福建漳州古雷港經濟開發區) (the “**Project**”).

PRINCIPAL TERMS OF THE PROJECT FRAMEWORK AGREEMENT

The principal terms of the Project Framework Agreement are as follows:

Date

30 November 2016 (after trading hours)

Parties

- (1) Yuhua Zhangzhou
- (2) The Administrative Committee
(collectively, the “**Parties**”)

Term of the Project Framework Agreement

The Project Framework Agreement shall be effective for a term of six months (the “**Term**”) commencing from the date of the Project Framework Agreement. The Parties shall use their best endeavors to sign a formal investment agreement in respect of the Project within the Term and establish a project preparatory group to carry out the preliminary work of the Project.

The Project

Pursuant to the Project Framework Agreement, the Parties will follow the principle of “achieving mutually beneficial win-win cooperation through complementarities, opportunities sharing and collaboration” and promote resources sharing to achieve mutual development.

The construction site will be located at the Fujian Zhangzhou Gulei Port Economic Development Zone (福建漳州古雷港經濟開發區). The total investment of the Project will be RMB4 billion, of which RMB3 billion will be used in the investment in fixed assets regarding the Project.

REASONS FOR AND BENEFITS OF THE PROJECT FRAMEWORK AGREEMENT

As the energy business of the Company is developing, in order to expand the upstream and downstream of the business and achieve the Company's goal of becoming an integrated global energy supply chain service provider, the Company plans to cooperate with the Administrative Committee in relation to the Project. The cooperation will provide a solid foundation for the collaborative development of the upstream and downstream. Fujian Zhangzhou Gulei Port Economic Development Zone (福建漳州古雷港經濟開發區) is located in the central of southeast urban belt of the PRC between Xiamen Special Economic Zone and Shantou Special Economic Zone facing Taiwan across the sea. It is also one of the few deep-water ports of the PRC which can be available for the construction of berths over 300,000 tons with its unique geographical advantages.

In view of the above, the Company believes that the Project is in the interest of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE ADMINISTRATIVE COMMITTEE

The Administrative Committee is located in the area of Zhangpu County (漳浦縣) in east of Dongshan Bay (東山灣) and was approved and established by Zhangzhou municipal government on 6 July 2003 with municipal administrative rights. On 30 April 2006, the provincial government approved the establishment of Fujian Gulei Port Economic Development Zone (福建古雷港經濟開發區). On 26 September 2006, it was determined as Fujian Zhangzhou Gulei Port Economic Development Zone (福建漳州古雷港經濟開發區) by the announcement of National Development and Reform Commission (國家發改委) of the PRC.

As at the date of this announcement, to the best of the knowledge, information and belief of the directors (the “**Directors**”) of the board (the “**Board**”) of the Company, having made all reasonable enquiries, each of the Administrative Committee 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

INFORMATION ON THE GROUP

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

GENERAL

The Shareholders and potential investors of the Company should note that the Project Framework Agreement, which is non-legally binding in nature, only sets out the principal terms for the cooperation intentions and thus does not constitute substantive rights and obligations of the Parties. The Project Framework Agreement may or may not materialise. The Project, if materialises, may or may not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

The Parties will negotiate in good faith for the Project with more specific and formal arrangements, and when such specific arrangements are identified, formal agreement(s) setting out more specific terms and conditions may be entered into among the Parties for such purposes. The Company will make further announcement(s) in compliance with the Listing Rules on further developments of this matter as and when appropriate.

The Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 30 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.

* *For identification purpose only*