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

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

**If you have sold or transferred** all your Shares, you should at once hand this circular together with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**CHINA UNIENERGY GROUP LIMITED**  
**中国优质能源集团有限公司**

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

**(Stock Code: 1573)**

**1. ISSUE OF UNLISTED WARRANTS  
PURSUANT TO SPECIFIC MANDATE**  
**2. PROPOSED CHANGE OF COMPANY NAME  
AND**  
**3. NOTICE OF EXTRAORDINARY GENERAL MEETING**

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A notice convening the EGM to be held at Protop Financial Press Limited, Level 22, Nexxus Building, 41 Connaught Road Central, Hong Kong, on Thursday, 29 November 2018 at 2:00 p.m. is set out on pages 18 to 20 of this circular. Whether or not you intend to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the EGM (i.e. not later than 2:00 p.m. on Tuesday, 27 November 2018), or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and in such event, the form of proxy will be deemed to be revoked.

References to time and dates in this circular are to Hong Kong time and dates.

9 November 2018

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## DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day other than a Saturday, Sunday or public holiday, on which banks in Hong Kong are open for business generally throughout their normal business hours
“Company”	CHINA UNIENERGY GROUP LIMITED (中國優質能源集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 8 January 2014 (stock code: 1573)
“Completion”	completion of the Subscription Agreement in accordance with the terms thereof
“Completion Date”	the date on which Completion occurs, which shall be the second Business Day after the date on which the conditions set out in the section headed “Conditions” in this circular are fulfilled or, as the case may be, waived by the Subscriber
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened at Protop Financial Press Limited, Level 22, Nexxus Building, 41 Connaught Road Central, Hong Kong on Thursday, 29 November 2018 at 2:00 p.m., or any adjournment thereof, for considering and, if thought fit, to approve the matters mentioned in this circular
“First Subscription Agreement”	the conditional warrant subscription agreement dated 27 June 2018 entered into between the Subscriber and the Company in relation to the subscription of the Warrants by the Subscriber
“Group”	the Company and its subsidiaries
“HK\$” or “HKD”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected person(s)
“Issue Price”	the issue price of HK\$2.32 per Warrant

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## DEFINITIONS

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“Last Trading Date”	27 June 2018, being the last trading day of the Shares on which the First Subscription Agreement was entered into
“Latest Practicable Date”	2 November 2018, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Market Price”	the average of the closing prices of one Share on the Stock Exchange for each of the last five dealing days on which dealings in the Shares on the Stock Exchange took place ending on the last such dealing day preceding the day on or as of which the market price is to be ascertained
“PRC” or “China”	the People’s Republic of China
“Proposed Change of Company Name”	the proposed change of the English name of the Company from “China Unienergy Group Limited” to “Southern Energy Holdings Group Limited” and the dual foreign name in Chinese of the Company from “中国优质能源集团有限公司” to “南方能源控股集团有限公司”
“SFO”	Securities and Futures Ordinance, Cap 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the specific mandate required to be granted to the Directors by the Shareholders at the EGM for allotment and issue of the Warrants and the Warrant Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Mr. Yang Wei (楊威)
“Subscription Agreement”	the First Subscription Agreement and as supplemented by the Supplemental Subscription Agreements
“Subscription Period”	the two-year period commencing from the Completion Date

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## DEFINITIONS

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“Subscription Price”	a price of HK\$12 per Warrant Share (subject to adjustment) at which holder(s) of the Warrants may subscribe for the Warrant Shares
“subsidiary(ies)”	has the meaning given to it in the Listing Rules
“Supplemental Subscription Agreements”	the supplemental subscription agreements dated 31 July 2018 and 28 September 2018 entered into between the Subscriber and the Company in relation to the subscription of the Warrants by the Subscriber
“Warrant(s)”	an aggregate of 5,000,000 unlisted warrants conferring rights to subscribe for 5,000,000 Warrant Shares at the Subscription Price (subject to adjustment), at any time during the Subscription Period
“Warrant Share(s)”	the new Shares to be issued by the Company upon exercise of the subscription rights attaching to the Warrants
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent.

*For ease of reference, the names of the PRC established companies or entities have been included in this circular in both the Chinese and English languages, and in the event of any inconsistency, the Chinese version shall prevail.*

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LETTER FROM THE BOARD

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**CHINA UNIENERGY GROUP LIMITED**

**中国优质能源集团有限公司**

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

**(Stock Code: 1573)**

*Executive Directors:*

Mr. Xu Bo

*(Chairman and Chief Executive Officer)*

Mr. Wei Yue

Mr. Xiao Zhijun

*Registered office:*

Conyers Trust Company (Cayman) Limited

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Independent non-executive Directors:*

Mr. Jiang Chenglin

Mr. Choy Wing Hang William

Mr. Lee Cheuk Yin Dannis

Mr. Fu Lui

*Principal place of business in the PRC:*

31/F, Fuzhong International Plaza

Xinhua Road, Nanming District

Guiyang City, Guizhou Province

China

*Principal place of business in Hong Kong:*

Level 54

Hopewell Centre

183 Queen's Road East

Hong Kong

9 November 2018

*To the Shareholders*

Dear Sir or Madam,

**1. ISSUE OF UNLISTED WARRANTS  
PURSUANT TO SPECIFIC MANDATE  
2. PROPOSED CHANGE OF COMPANY NAME  
AND  
3. NOTICE OF EXTRAORDINARY GENERAL MEETING**

**1. INTRODUCTION**

The purpose of this circular is to provide you with information in relation to the Subscription Agreement and the proposed issue of the Warrants pursuant thereto, the Proposed Change of Company Name and to give you notice of the EGM.

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## LETTER FROM THE BOARD

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### 2. THE SUBSCRIPTION AGREEMENT

As disclosed in the Company's announcements dated 27 June 2018, 31 July 2018 and 28 September 2018, the Company has entered into the Subscription Agreement with the Subscriber.

The principal terms of the First Subscription Agreement (as supplemented by the Supplemental Subscription Agreements) are set out as follows:

#### **Date**

27 June 2018 (as supplemented by the Supplemental Subscription Agreements)

#### **Parties**

- (1) the Company as the issuer; and
- (2) Mr. Yang Wei (楊威) as the subscriber.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Subscriber is an Independent Third Party.

#### **Securities to be issued**

Subject to the fulfillment of the conditions to the Subscription Agreement, the Company has agreed to issue, and the Subscriber has agreed to subscribe for, an aggregate of 5,000,000 Warrants at the Issue Price of HK\$2.32 per Warrant. Each of the Warrants carries the right to subscribe for at any time during the Subscription Period one Warrant Share at the Subscription Price of HK\$12 per Warrant Share (subject to certain adjustment events).

#### **Number of Warrants**

5,000,000 Warrants in aggregate will be issued by the Company pursuant to the terms of the Subscription Agreement.

#### **Conditions**

Completion of the Subscription Agreement is subject to the fulfillment of the following conditions:

- (a) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Warrant Shares;
- (b) the warranties set out in the Subscription Agreement remaining true and correct in all material respects; and

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## LETTER FROM THE BOARD

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- (c) all necessary consents and approvals as may be required to be obtained on the part of the Company in respect of the issue of the Warrants and the transactions contemplated under the Subscription Agreement having been obtained by the Company.

The Subscriber may at any time by notice in writing to the Company waive the condition set out in (b) above. The condition set out in (a) and (c) above are incapable of being waived by the Company and the Subscriber.

In the event that any of the conditions referred to above is not fulfilled or waived in full at or before 5:00 p.m. on 31 December 2018 (as extended by the Supplemental Subscription Agreements) (or such other time and date as may be agreed between the Company and the Subscriber in writing), the Subscription Agreement shall cease and determine and thereafter, neither party shall have any obligations and liabilities hereunder save for any antecedent breaches of the provisions hereof.

### Completion

Completion shall take place on the Completion Date.

### PRINCIPAL TERMS OF THE WARRANTS

**Issue Price:** The Issue Price is HK\$2.32 per Warrant. The net issue price, after deduction of the relevant expenses, is approximately HK\$2.28 per Warrant.

**Subscription Price:** Subject to adjustments, the Subscription Price is HK\$12 per Warrant Share, which represents:

- (i) A discount of approximately 1.32% to the closing price of HK\$12.16 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 26.32% over the closing price of HK\$9.50 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (iii) a premium of approximately 28.62% over the average of the closing price of Shares as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Date of approximately HK\$9.33; and
- (iv) a premium of approximately 38.46% over the average of the closing price of Shares as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Date of approximately HK\$8.67.



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## LETTER FROM THE BOARD

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**Aggregate of the Issue Price  
and the Subscription Price:**

The aggregate of the Issue Price and the Subscription Price is HK\$14.32, which represents:

- (i) A premium of approximately 17.76% to the closing price of HK\$12.16 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 50.74% over the closing price of HK\$9.50 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (iii) a premium of approximately 53.48% over the average of the closing price of Shares as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Date of approximately HK\$9.33; and
- (iv) a premium of approximately 65.22% over the average of the closing price of Shares as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Date of approximately HK\$8.67.

The Issue Price and the Subscription Price were determined after arm's length negotiations between the Company and the Subscriber, taking into account the trading prices of the Shares around the date of the First Subscription Agreement and an indicative valuation of the Warrants conducted by an independent valuer in May 2018. The Directors are of the opinion that the Issue Price and the Subscription Price are fair and reasonable and in the best interest of the Company and the Shareholders as a whole.

**Adjustments to the  
Subscription Price:**

The Subscription Price will be subject to the below adjustments:

- (i) if and whenever the Shares by reason of any consolidation or sub-division become of a different nominal amount, the Subscription Price in force immediately prior thereto shall be adjusted by multiplying it by the revised nominal amount and dividing the result by the former nominal amount;

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## LETTER FROM THE BOARD

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- (ii) if and whenever the Company shall issue (other than in lieu of a cash dividend) any Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund), the Subscription Price in force immediately prior to such issue shall be adjusted by multiplying it by the aggregate nominal amount of the issued Shares immediately before such issue and dividing the result by the sum of such aggregate nominal amount and the aggregate nominal amount of the Shares issued in such capitalisation;
- (iii) if and whenever the Company shall make any capital distribution to Shareholders (whether on a reduction of capital or otherwise), the Subscription Price in force immediately prior to such distribution or grant shall be adjusted by multiplying it by the following fraction:

$$\frac{A-B}{A}$$

where:

A = the Market Price on the date on which the capital distribution or, as the case may be, the grant is publicly announced or (failing any such announcement) next preceding day of the capital distribution or, as the case may be, of the grant;

B = the fair market value on the day of such announcement or (as the case may require) the next preceding day, as determined in good faith by the Directors, of the portion of the capital distribution or of such rights which is attributable to one Share. For avoidance of doubt, if the capital distribution is distributions in cash the fair market value shall be the cash value,

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## LETTER FROM THE BOARD

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provided that if (a) the use of the fair market value as aforesaid produces a result which is significantly inequitable, it may instead determine (and in such event the above formula shall be construed as if B meant) the amount of the said Market Price which should properly be attributed to the value of the capital distribution or rights; and (b) this paragraph (iii) shall not apply in relation to the issue of Shares issued in lieu of a cash dividend and paid out of the aggregate of the net profits (less losses) accrued and attributable to the Shareholders for all financial periods after 31 December 2018 as shown in the audited consolidated profit and loss account of the Group for each financial period ended 31 December; and

- (iv) if and whenever the Company shall offer to Shareholders new Shares for subscription by way of rights, or shall grant to holders of Shares any options or warrants to subscribe for new Shares, at a price which is less than 80% of the Market Price on the date of the announcement of the terms of the offer or grant, the Subscription Price shall be adjusted by multiplying the Subscription Price in force immediately before the date of the announcement of such offer or grant by a fraction of which the numerator is the number of Shares in issue immediately before the date of such announcement plus the number of Shares which the aggregate of the amount (if any) payable for the rights, options or warrants and of the amount payable for the total number of new Shares comprised therein would purchase at such Market Price and the denominator is the number of Shares in issue immediately before the date of such announcement plus the aggregate number of Shares offered for subscription or comprised in the options or warrants.

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## LETTER FROM THE BOARD

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The Board confirmed that the above are normal anti-dilutive adjustment events.

**Subscription Period  
and Lot Size:**

The subscription rights attaching to the Warrants can be exercised at any time during the period of two years commencing from the Completion Date in integral multiples of 100,000 Warrants.

The Subscriber shall not be entitled to exercise the subscription rights attaching to the Warrants to the extent that immediately after such exercise:

- (i) there will not be sufficient public float of the Shares as required under the Listing Rules; and
- (ii) the Subscriber whether alone or together with parties acting in concert with it would be obliged to make a general offer under the Hong Kong Code on Takeovers and Mergers in force from time to time.

**Transferability of Warrants:**

The Warrants shall be in registered form and is freely transferable to any person (other than a connected person of the Company) in integral multiples of 100,000 Warrants (or the whole but not part of the outstanding Warrants if the number of outstanding Warrants are less than 100,000 Warrants) by instrument of transfer in any usual or common form or such other form as may be approved by the Directors. The Warrants shall not be assigned or transferred to a connected person of the Company unless with the prior written consent of the Company.

**Restriction on Transfer of  
Warrant Shares:**

The Subscriber must not transfer the Warrant Shares at a price less than HK\$7.

**Ranking of the Warrant Shares:**

The Warrant Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with all the Shares in issue as at the date of allotment and issue of the relevant Warrant Shares except that they will not rank for any dividend or other distribution of the Company declared, made or paid by reference to a record date, prior to their date of issue.

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## LETTER FROM THE BOARD

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- Voting Rights:** The holder(s) of the Warrants will not be entitled to receive notices of, attend or vote at any meeting of the Company by reason only of it being a holder of the Warrants.
- Rights of Holder(s) of Warrants During the Subscription Period on Winding-up:** Subject to the terms of the Warrants, if an effective resolution is passed during the Subscription Period for the winding-up of the Company and such winding-up is not for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement, the holder(s) of the Warrants shall be entitled at any time within six weeks after the passing of such resolution to exercise the Warrants. If such winding-up is for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement, the terms of such scheme of arrangement shall be binding on all holder(s) of the Warrants. Subject to the foregoing, if the Company is wound up, all Warrants which have not been exercised at the date of the passing of such resolution shall lapse.
- Listing:** Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

### VALUATION

The Company engaged Grant Sherman Appraisal Limited (the “**Independent Valuer**”), a valuation firm which is an Independent Third Party, to assess the fair value of the Warrants by making reference to the binomial option pricing model (the “**Binomial Model**”). Based on the Binomial Model, the unit Warrant value as valued by the Independent Valuer was approximately HK\$2.3156 as at 31 May 2018 (the “**Appraisal Date**”), representing a slight discount of approximately 0.19% to the Issue Price. The key assumptions and parameters applied by the Independent Valuer in the Binomial Model for the assessment of the fair value of the Warrants are set out as follows:

#### Assumptions

- (i) the person entitled to the Warrants has rights to exercise the respective Warrants at any time during the remaining time to maturity from the date after the Warrants have been vested and before the expiration of the relevant Warrants;
- (ii) yield on the HKD swaps in continuous compounding with the time-to-maturity similar to that of the Warrants is adopted as the risk-free rate in the valuation model as at the Appraisal Date;

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## LETTER FROM THE BOARD

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- (iii) remaining contractual tenor as at the Appraisal Date is used as an estimate of the expected life of the Warrants;
- (iv) the closing stock price of the Company is assumed to be equal to the fair value of the Company as at the Appraisal Date;
- (v) historical stock price volatility of the Company as at the Appraisal Date is deemed to be appropriate to serve as the expected volatility of the Company's stock price and is assumed to be constant and prevailing;
- (vi) all participants in the market are considered to be willing buyers or sellers; and
- (vii) number of trading days and weeks per year are 260 and 52 respectively.

### Parameters

- (i) a risk free rate of 2.28%;
- (ii) the closing price of HK\$7.55 per Share as quoted on the Stock Exchange on the Appraisal Date;
- (iii) the contractual warrants life of 2 years;
- (iv) an expected volatility of 79.32%; and
- (v) an expected annualized dividend yield of 0.00%.

### REASONS FOR THE ISSUE OF WARRANTS AND USE OF PROCEEDS

The Group is a producer of anthracite coal based in Guizhou Province of the PRC. The Group engages in the extraction and sale of anthracite coal and possesses scarce anthracite coal resources with the characteristics of high calorific value, low sulphur content and low ash content. Most of the Group's coal products are suitable to be used as chemical coal and PCI coal, as well as for further value-added applications, such as premium quality active charcoal. The Group is one of the less than 100 qualified consolidators in Guizhou Province that are permitted to engage in coal mine acquisition and operation.

The Board considers that the issue of Warrants, with a subscription price at a premium, represents an opportunity to raise additional funds for the Company to cater for its future needs while broadening the Shareholder and capital base of the Company. In addition, the Warrants are not interest bearing and will not result in any immediate dilution effect on the shareholding of the existing Shareholders. The total gross proceeds from the subscription of Warrants are approximately HK\$11,600,000 which will be applied as general working capital.

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## LETTER FROM THE BOARD

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Assuming the full exercise of the subscription rights attaching to the Warrants, the total gross funds to be raised, including the funds raised by the subscription of Warrants, are approximately HK\$71,600,000. The gross proceeds of approximately HK\$71,600,000 shall be applied as general working capital and for future possible business expansion in local and overseas and investment opportunities of the Group.

Assuming the full exercise of the subscription rights attaching to the Warrants, the net price to the Company of each Warrant, which is calculated by dividing the aggregate net proceeds from the subscription of Warrants and the exercise of the subscription rights attaching to the Warrants by the total number of the Warrants, is approximately HK\$14.28.

The Directors also consider that the Subscription Agreement was entered into on normal commercial terms after arm's length negotiations between the Company and the Subscriber and that the terms of the Subscription Agreement (including the Issue Price and the Subscription Price) are fair and reasonable and in the best interest of the Company and its Shareholders as a whole.

### **FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company has not conducted any fund raising activity in the past twelve months immediately prior to the Latest Practicable Date.

### **SHAREHOLDING STRUCTURE**

As at the Latest Practicable Date, the Company has 718,000,000 Shares in issue. Assuming there is no further issue or repurchase of the Shares and there is no adjustment to the Subscription Price, upon the full exercise of the subscription rights attaching to the Warrants, 5,000,000 Warrant Shares will be issued, which represent approximately 0.70% of the total number of Shares in issue of the Company as at the Latest Practicable Date. The shareholding structure of the Company (i) as at the

## LETTER FROM THE BOARD

Latest Practicable Date; and (ii) immediately after the full exercise of the subscription rights attaching to the Warrants (assuming that there will be no further changes in the total number of Shares in issue of the Company prior to such exercise and no adjustment to the Subscription Price) are as follows:

	<b>As at the Latest Practicable Date</b>		<b>Immediately after the full exercise of the subscription rights attaching to the Warrants<sup>(1)</sup></b>	
	<i>No. of Shares</i>	<i>Approximate %<sup>(5)</sup></i>	<i>No. of Shares</i>	<i>Approximate %<sup>(5)</sup></i>
<b>Directors or Substantial Shareholders</b>				
Lavender Row Limited <sup>(2)</sup>	241,214,000	33.60	241,214,000	33.36
Noble Fox Holdings Limited <sup>(3)</sup>	90,000,000	12.53	90,000,000	12.45
Hezhang County Hongyi Construction Engineering Co., Ltd. (赫章縣宏誼建築工程有限責任 公司) (“ <b>Hezhang Hongyi</b> ”) <sup>(4)(5)</sup>	34,558,000	4.81	34,558,000	4.78
Hongyi Constructional Engineering Holdings Limited <sup>(4)(5)</sup>	123,402,000	17.19	123,402,000	17.07
<b>Public</b>				
Subscriber	—	—	5,000,000	0.69
Other public Shareholders	<u>228,826,000</u>	<u>31.87</u>	<u>228,826,000</u>	<u>31.65</u>
<b>Total:</b>	<u><u>718,000,000</u></u>	<u><u>100.00</u></u>	<u><u>723,000,000</u></u>	<u><u>100.00</u></u>

*Notes:*

- Assuming that there will be no further changes in the total number of Shares in issue of the Company prior to such exercise and no adjustment to the Subscription Price.
- On 13 April 2017, Lavender Row Limited pledged 143,600,000 Shares to CMB International Finance Limited. Ms. Dai Ling is the sole legal owner of all the issued shares of Lavender Row Limited, holding such shares in trust for the benefit of Xu Family including her spouse, Mr. Xu Bo who is an executive Director and the chairman of the Company. Accordingly, Mr. Xu Bo and Ms. Dai Ling are deemed to be interested in the shares of the Company held by Lavender Row Limited by virtue of the SFO.
- Noble Fox Holdings Limited has provided its interest in the 90,000,000 shares of the Company as security to a person other than a qualified lender. As the entire issued share capital of Noble Fox Holdings Limited is held by Mr. Xiao Zhijun, an executive Director of the Company, Mr. Xiao Zhijun is deemed to be interested in the shares of the Company held by Noble Fox Holdings Limited under the SFO.
- Hongyi Constructional Engineering Holdings Limited is a wholly-owned subsidiary of Hezhang Hongyi which in turn is wholly-owned by the People’s Government of Hezhang (赫章縣人民政府).
- Hezhang Hongyi has executed a sale and purchase agreement in respect of the purchase of 157,960,000 Shares on 13 May 2018. On 17 July 2018, the parties have partially completed the transaction in which Hezhang Hongyi has, through its wholly-owned subsidiary, Hongyi Constructional Engineering Holdings Limited, acquired 123,402,000 Shares. The transfer of remaining 34,558,000 Shares have not been completed as at the Latest Practicable Date.



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## LETTER FROM THE BOARD

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### IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rule 15.02(1) of the Listing Rules, the Warrant Shares to be issued on exercise of the Warrants must not, when aggregated with all other equity securities remain to be issued on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20% of the total number of Shares in issue of the Company at the time the Warrants are issued. Options granted under share option schemes which comply with Chapter 17 of the Listing Rules are excluded for the purpose of such limit. As at the Latest Practicable Date, the Company does not have any securities with subscription rights outstanding and not yet exercised. Assuming (i) full exercise of the subscription rights attaching to the Warrants and (ii) no Shares are further issued and repurchased, an aggregate of 5,000,000 Shares will be issued, which represent (a) approximately 0.70% of the total number of Shares in issue of the Company as at the Latest Practicable Date; and (b) approximately 0.69% of the total number of Shares in issue as enlarged by the issue of the Warrant Shares. Accordingly, the issue of the Warrants is in compliance with Rule 15.02(1) of the Listing Rules.

### SPECIFIC MANDATE

The Warrants will be issued, and the Warrant Shares to be allotted and issued upon the exercise of the Subscription Rights attaching to the Warrants will be allotted and issued under the Specific Mandate. The Company will seek the grant of the Specific Mandate at the EGM.

### 3. PROPOSED CHANGE OF COMPANY NAME

Reference is made to the announcement of the Company dated 10 September 2018 in respect of the Proposed Change of Company Name.

The Board proposes to change the English name of the Company from “China Unienergy Group Limited” to “Southern Energy Holdings Group Limited” and the dual foreign name in Chinese of the Company from “中国优质能源集团有限公司” to “南方能源控股集团有限公司”.

#### Conditions for the Proposed Change of Company Name

The Proposed Change of Company Name will be subject to the following conditions:

- i. the passing of a special resolution by the Shareholders approving the Proposed Change of Company Name at the EGM; and
- ii. the approval of the Registrar of Companies in the Cayman Islands having been obtained for the Proposed Change of Company Name.

The relevant filings with the Registrar of Companies in the Cayman Islands will be made after the passing of the special resolution at the EGM. Subject to the satisfaction of the conditions set out above, the Proposed Change of Company Name will take effect from the date of issue of the certificate

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## LETTER FROM THE BOARD

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of incorporation on change of name by the Registrar of Companies in the Cayman Islands. Thereafter, the Company will carry out all necessary filing and registration procedures with the Companies Registry in Hong Kong pursuant to Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

### **Reasons for the Proposed Change of Company Name**

As the Company is principally engaged in the extraction and sale of anthracite coal in the southern region of China, the Board considers that the Proposed Change of Company Name will provide the Company with a new corporate image and also better reflect current operations of the Company and the direction of future development of the Company. The Board believes that the Proposed Change of Company Name is in the best interest of the Company and the Shareholders as a whole.

### **Effects for the Proposed Change of Company Name**

The Proposed Change of Company Name will not affect any of the rights of the existing Shareholders or the Company's daily business operations and/or its financial position. All existing share certificates of the Company in issue bearing the current name of the Company will, after the Proposed Change of Company Name becoming effective, continue to be evidence of title to the shares of the Company and will continue to be valid for trading, settlement, registration and delivery purposes. Accordingly, there will not be any arrangement for free exchange of the existing share certificates of the Company for new share certificates printed in the new name of the Company. Once the Proposed Change of Company Name becomes effective, new certificates of securities of the Company will be issued only in the new name of the Company.

In addition, subject to the confirmation of the Stock Exchange, the English and Chinese stock short names of the Company will also be changed after the Proposed Change of Company Name becomes effective.

## **4. EGM**

The EGM will be convened and held at Protop Financial Press Limited, Level 22, Nexus Building, 41 Connaught Road Central, Hong Kong on Thursday, 29 November 2018 at 2:00 p.m. for the purpose of considering and, if thought fit, approving the ordinary resolution for the Subscription Agreement and the transactions contemplated thereunder (including the issue of the Warrants and the Warrant Shares pursuant to the exercise thereof) and the special resolution for the Proposed Change of Company Name.

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, no Shareholder is required to abstain from voting on the resolutions relating to the above at the EGM.

A notice convening the EGM to be held at Protop Financial Press Limited, Level 22, Nexus Building, 41 Connaught Road Central, Hong Kong, on Thursday, 29 November 2018 at 2:00 p.m. is set out on pages 18 to 20 of this circular. Whether or not you intend to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong share registrar, Tricor Investor Services Limited at

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## LETTER FROM THE BOARD

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Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the EGM (i.e. not later than 2:00 p.m. on Tuesday, 27 November 2018), or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and in such event, the form of proxy will be deemed to be revoked.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Accordingly, the resolutions proposed at the EGM will be taken by way of poll. An announcement on the poll results will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

### 5. RECOMMENDATION

The Directors consider that the resolutions as set out in the notice of the EGM are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of these resolutions.

### 6. GENERAL

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.

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

Yours faithfully,  
For and on behalf of the Board  
**CHINA UNIENERGY GROUP LIMITED**  
**Xu Bo**  
*Chairman*

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## NOTICE OF EGM

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# CHINA UNIENERGY GROUP LIMITED

## 中国优质能源集团有限公司

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

(Stock Code: 1573)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of CHINA UNIENERGY GROUP LIMITED (the “**Company**”) will be held at Protop Financial Press Limited, Level 22, Nexus Building, 41 Connaught Road Central, Hong Kong, on Thursday, 29 November 2018 at 2:00 p.m. to consider and, if thought fit, pass the following resolutions (with or without modification):

#### ORDINARY RESOLUTION

1. “**THAT:**

- (a) the subscription agreement dated 27 June 2018 (as supplemented by the supplemental subscription agreements dated 31 July 2018 and 28 September 2018) (the “**Subscription Agreement**”) entered into between the Company and Mr. Yang Wei (楊威) (the “**Subscriber**”), pursuant to which the Company has agreed to issue, and the Subscriber has agreed to subscribe for, an aggregate of 5,000,000 warrants (the “**Warrants**”) at the issue price of HK\$2.32 per Warrant. Each of the Warrants carries the right to subscribe for at any time during the subscription period one new share of US\$0.01 in the share capital of the Company (the “**Warrant Share**”) at the subscription price of HK\$12 per Warrant Share (a copy of the Subscription Agreement have been marked “A”, and initialed by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the creation and issue of the Warrants by the Company in accordance with the terms and conditions of the Subscription Agreement be and are hereby approved, confirmed and ratified;
- (c) the directors of the Company (the “**Directors**”) be and are hereby granted a specific mandate for the issue of Warrants and the allotment and issue of up to a maximum number of 5,000,000 Warrant Shares credited as fully paid at the subscription price of HK\$12 per Warrant Share (subject to adjustment and the terms and conditions as set out in the Subscription Agreement), which may fall to be allotted and issued upon the exercise of the subscription rights attaching to the Warrants; and
- (d) any one or more of the Directors be and is hereby authorised to sign and execute such other documents or supplemental agreements or deeds for and on behalf of the Company and to do all such things and take all such actions as he or they may consider necessary, desirable or expedient for the purpose of carrying out or giving effect to or otherwise in connection with the Subscription Agreement and the transactions contemplated thereunder.”

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## NOTICE OF EGM

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### SPECIAL RESOLUTION

2. “**THAT:**

- (a) subject to and conditional upon the approval of the Registrar of Companies in the Cayman Islands having been obtained, the English name of the Company be and is hereby changed from “China Unienergy Group Limited” to “Southern Energy Holdings Group Limited” and the dual foreign name in Chinese of the Company be and is hereby changed from “中国优质能源集团有限公司” to “南方能源控股集团有限公司” (the “**Proposed Change of Company Name**”); and
- (b) any one or more of the Directors be and is hereby authorised to sign and execute such other documents or supplemental agreements or deeds for and on behalf of the Company and to do all such things and take all such actions as he or they may consider necessary, desirable or expedient for the purpose of carrying out or giving effect to or otherwise in connection with the implementation of the Proposed Change of Company Name and to attend to any necessary registration and/or filing for and on behalf of the Company in respect of such change.”

By order of the Board  
**CHINA UNIENERGY GROUP LIMITED**  
**Xu Bo**  
*Chairman*

Guiyang, People’s Republic of China, 9 November 2018

*Registered office:*

Conyers Trust Company (Cayman) Limited  
Cricket Square, Hutchins Drive P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Principal place of business in Hong Kong:*

Level 54, Hopewell Centre  
183 Queen’s Road East  
Hong Kong

*Principal place of business in the PRC:*

31/F, Fuzhong International Plaza  
Xinhua Road, Nanming District  
Guiyang City, Guizhou Province  
China

*Notes:*

- 1 For the purpose of determining the shareholders’ eligibility to attend and vote at the extraordinary general meeting, the register of members of the Company will be closed from 26 November 2018 to 29 November 2018, both days inclusive, during which no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the extraordinary general meeting, all duly completed share transfer forms accompanied by the relevant share certificates, must be lodged with the Company’s Hong Kong share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on 23 November 2018.

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## NOTICE OF EGM

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2. A member of the Company entitled to attend and vote at the meeting above is entitled to appoint in written form one or, if he/she is the holder of two or more shares (the “Shares”) of the Company, more proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.
3. In the case of joint holders of Shares, any one of such joint holders may vote, either in person or by proxy, in respect of such Shares as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the above meeting, whether in person or by proxy, then one of the said persons so present whose name stands first on the register in respect of such Shares shall alone be entitled to vote in respect thereof.
4. In order to be valid, the form of proxy must be in writing under the hand of the appointor or of his/her attorney duly authorised in writing, or if the appointor is a corporation, either under seal, or under the hand of an officer or attorney duly authorised, and must be deposited with the Company’s Hong Kong share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong (together with the power of attorney or other authority, if any, under which it is signed or a certified copy thereof) not less than 48 hours before the time fixed for holding of the meeting, (i.e. not later than 2:00 p.m. on Tuesday, 27 November 2018) or any adjournment thereof.
5. Delivery of an instrument appointing a proxy will not preclude a member from attending and voting in person at the above meeting or any adjournment thereof and in such event, the instrument appointing a proxy will be deemed to be revoked.
6. References to the time and dates in this notice are to Hong Kong time and dates.
7. This notice has been printed in English and Chinese. In the event of any inconsistency, the English text of this notice shall prevail over its Chinese text.

*As at the date of this notice, the board of directors of the Company comprises three executive Directors, namely, Mr. Xu Bo, Mr. Wei Yue and Mr. Xiao Zhijun; and four independent non-executive Directors, namely, Mr. Jiang Chenglin, Mr. Choy Wing Hang William, Mr. Lee Cheuk Yin Dannis and Mr. Fu Lui.*