OUHUA ENERGY HOLDINGS LIMITED
(Incorporated in Bermuda with Registration Number 37791)

ACQUISITION OF INTERESTS IN TWO COMPANIES FROM GUANGDONG ZHONGZHAN ELECTRIC ENERGY TECHNOLOGY CO., LTD

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1. INTRODUCTION

1.1. The Acquisition

The Board of Directors (the "**Board**") of Ouhua Energy Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that Chaozhou Ouhua Energy Co., Ltd (the "**Purchaser**"), a wholly-owned subsidiary of the Company, has today entered into sale and purchase agreements pursuant to which it will purchase shares of two companies (the "**Purchase Agreements**", and each, a "**Purchase Agreement**") from Guangdong Zhongzhan Electric Energy Technology Co., Ltd (the "**Vendor**"):

1.1.1. 70% of the registered share capital of Guangxi Zhongzhan Energy Technology Co., Ltd. ("**Guangxi Zhongzhan**"); and

1.1.2. 100% of the registered share capital of Shantou Zhenyang New Energy Development Co., Ltd. ("**Shantou Zhenyang**").

1.2. Interested Person Transaction

The Purchaser is a wholly-owned subsidiary of the Company.

The Vendor is 100% owned by Chaozhou Huafeng (Group) Incorporation Ltd, which is in turn 99.29% owned by Chaozhou Huafeng (Group) Ltd ("**Huafeng Group**"). Mr. Liang Guo Zhan, the Executive Chairman and Chief Executive Officer of the Company, and Ms. Liang Yaling, the Non-Executive and Non-Independent Director, own 80% and 20% of the registered share capital of Huafeng Group respectively.

Accordingly, the Acquisition constitutes an interested person transaction under Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**"), as further explained in paragraph 7 below.

2. INFORMATION ON GUANGXI ZHONGZHAN

2.1. Guangxi Zhongzhan

As of the date of this announcement, Guangxi Zhongzhan is a company incorporated in the Liunan District of Liuzhou City of the People's Republic of China with limited liability and with a registered share capital of RMB9,000,000.00, of which 70% (RMB6,300,000.00) is owned by the Vendor. The remaining 30% (RMB2,700,000.00) is owned by Guangdong Zhenyang Energy Management Co., Ltd., which does not have any connection to the Company, its

directors, chief executive officer, controlling shareholder or any associates of such directors, chief executive officer or controlling shareholder.

2.2. **Principal Activities of Guangxi Zhongzhan**

Guangxi Zhongzhan is an electricity production company. It is principally engaged in the business of operating and investing in photovoltaic generation power stations, and development, operation and maintenance services for such photovoltaic generation power stations.

2.3. **Fair Value of Guangxi Zhongzhan**

The Purchaser has engaged Guangdong Lianxin Asset Appraisal Land Real Estate Appraisal Co., Ltd., an independent qualified valuation professional ("**Guangdong Lianxin**"), to appraise the value of Guangxi Zhongzhan.

Based on the report by Guangdong Lianxin dated 23 August 2023, the market value of Guangxi Zhongzhan was estimated at RMB14,180,000 (approximately S$2.68 million).

3. INFORMATION ON SHANTOU ZHENYANG

3.1. **Shantou Zhenyang**

As of the date of this announcement, Shantou Zhenyang is a company incorporated in the Liunan District of Liuzhou City of the People's Republic of China with limited liability and with a registered share capital of RMB1,000,000.00, of which 100% is owned by the Vendor.

3.2. **Principal Activities of Shantou Zhenyang**

Shantou Zhenyang is an electricity production company. It is principally engaged in the business of operating and investing in photovoltaic generation power stations, and development, operation and maintenance services for such photovoltaic generation power stations.

3.3. **Fair Value of Shantou Zhenyang**

The Purchaser has engaged Guangdong Lianxin to appraise the value of Shantou Zhenyang.

Based on the report by Guangdong Lianxin dated 23 August 2023, the market value of Shantou Zhenyang was estimated at RMB2,660,000.00 (approximately S$503,000).

4. INFORMATION ON THE VENDOR AND THE PURCHASER

4.1. The Vendor is a company incorporated under the laws of the People's Republic of China and is 100% owned by Chaozhou Huafeng (Group) Incorporation Ltd, which is in turn 99.29% owned by Huafeng Group. The remaining 0.71% is owned by Chaozhou Anbu Kaihao Huafeng Gas Station.

4.2. The Purchaser is a company incorporated under the laws of the People's Republic of China and is a wholly-owned subsidiary of the Company.

5. RATIONALE AND BENEFIT

China's vast territory and abundance of solar energy resources make it ideal for the operation of photovoltaic generation power stations. According to the 2022 National Electricity Industry Statistics released by the National Energy Administration, as of the end of December 2022, the capacity for solar power generation in China is about 390 million kilowatts, an increase of 28.1% from the previous year.

With China's Five-Year Plan supporting the goals of carbon peaking by 2030 and carbon neutrality by 2060, renewable energy has entered a promising developmental stage. As a strategic emerging industry encouraged by the state, the photovoltaic industry plays a crucial role in optimizing China's energy consumption structure to achieve a balance between supply and demand, while simultaneously promoting energy conservation and emission reductions to protect the environment.

With the rapid development of photovoltaic generation technology and continuous support from government policies, photovoltaic power generation will gradually achieve affordable access in the long term. The photovoltaic industry has enormous development potential, and entering this industry will provide broader opportunities for the Group.

6. PRINCIPAL TERMS OF THE ACQUISITION

6.1. The Acquisition

Pursuant to the terms of the Purchase Agreements, the Vendor shall as legal and beneficial owner transfer:

6.1.1. 70% of the registered share capital of Guangxi Zhongzhan; and

6.1.2. 100% of the registered share capital of Shantou Zhenyang,

(collectively, the "**Sale Shares**") to the Purchaser and the Purchaser shall purchase the Sale Shares with effect from the date of the Purchase Agreement free from all encumbrances. The Vendor warrants and guarantees that the Sale Shares are transferred together with all rights now or hereafter attaching thereto including but not limited to the right to receive all dividends and other distributions declared, made or paid on or after the date on which Completion takes place.

6.2. Consideration for the Acquisition

The total consideration payable by the Company to the Vendor (the "**Consideration**") under the Purchase Agreements is RMB12,586,000 (approximately S$2.34 million), comprising of:

6.2.1. RMB9,926,000.00 for 70% of the registered share capital of Guangxi Zhongzhan;

6.2.2. RMB2,660,000.00 for the entire registered share capital of Shantou Zhenyang.

The Consideration was arrived at after negotiations between the Purchaser and the Vendor at arm's length on a willing-buyer, willing-seller basis, taking into consideration factors such as potential benefits that may accrue to the Group and the indicative valuations of the two companies provided by Guangdong Lianxin.

Payment of the Consideration will be satisfied in full within 15 days of the signing of the Purchase Agreement.

6.3. **Unpaid Share Capital**

In addition, under the Purchase Agreements, the Company will be assuming the obligation of the Vendor to inject additional cash amounting to RMB1,700,000 (approximately S$316,500) for the capital of the companies in the following amounts:

6.3.1. RMB700,000 in registered capital in Guangxi Zhongzhan, being the remaining outstanding amount in the registered capital of Guangxi Zhongzhan which is not paid-up; and

6.3.2. RMB1,000,000 in registered capital in Shantou Zhenyang, being the entire registered capital of Shantou Zhenyang.

6.4. **Termination of the Purchase Agreement**

Each Purchase Agreement may be terminated in the following cases:

6.4.1. where the contract is made impossible to perform due to a force majeure event or any other external causes not due to the fault of either party;

6.4.2. where either party loses the ability to perform its obligations under the contract;

6.4.3. where a breach of the contract by either party has seriously affected the economic interests of the non-breaching party, rendering performance of the Purchase Agreement unnecessary; or

6.4.4. where the parties agree to terminate the Purchase Agreement by mutual agreement.

7. INTERESTED PERSON TRANSACTION

7.1. **Interested Person**

As at the date of this Announcement, Mr. Liang Guo Zhang is the Executive Chairman and Chief Executive Officer of the Company, and Ms. Liang Yaling is the Non-Executive and Non-Independent Director of the Company.

Mr. Liang Guo Zhan owns 80% of the registered share capital of Huafeng Group, and Ms. Liang Yaling owns the remaining 20% of the registered share capital of Huafeng Group. Huafeng Group is the owner of 99.29% of the registered share capital of Chaozhou Huafeng (Group) Incorporation Ltd, which owns 100% of the Vendor.

Accordingly, the Vendor is an “associate” of Mr. Liang Guo Zhan and Ms. Liang Yaling and an “interested person” vis-à-vis the Company, under Chapter 9 of the Listing Manual.

7.2. **Entity at Risk**

As at the date of this Announcement, the Purchaser is an associated company of the Company and is not listed on the Singapore Exchange Securities Trading Limited or an approved

exchange. The Company owns 100% of the registered shares in the capital of the Purchaser and controls the Purchaser.

Accordingly, the Purchaser is regarded as an "entity at risk" under Chapter 9 of the Listing Manual.

7.3. **Interested Person Transaction**

As such, the Acquisition between the Vendor (the interested person) and the Purchaser (the entity at risk) would constitute an "interested person transaction" under Chapter 9 of the Listing Manual.

For the purposes of Chapter 9 of the Listing Manual, the value of the Acquisition is the total of:

7.3.1. 70% of the market value of Guangxi Zhongzhan, i.e., RMB9,926,000;

7.3.2. 100% of the market value of Shantou Zhenyang, i.e., RMB2,660,000;

7.3.3. the value of the obligation to pay up the remaining unpaid capital in Guangxi Zhongzhan, i.e., RMB700,000; and

7.3.4. the value of the obligation to pay up the remaining unpaid capital in Shantou Zhenyang, i.e., RMB1,000,000,

being RMB 14,286,000 (approximately S$2.7 million, and such value, the "**IPT Value**").

7.4. **Net Tangible Assets**

As at 31 December 2022, being the date of the latest available audited consolidated financial statements, the latest audited consolidated net tangible assets ("**NTA**") of the Group was approximately RMB288.6 million (approximately S$53.912 million), and 5% of such NTA was approximately RMB14.4 million (approximately S$2.72 million).

7.5. **Shareholders' Approval**

The IPT Value amounts to approximately 4.94% of the latest audited consolidated NTA of the Group as at 31 December 2022. As the IPT Value represents less than 5% of the latest audited consolidated NTA of the Group, approval of the shareholders of the Company will not be required for the Acquisition.

7.6. **Current Total of Interested Person Transactions**

The table below sets out:

7.6.1. the aggregate value of all transactions between the Group and Mr Liang Guo Zhan and his associates (including the Vendor);

7.6.2. the aggregate value of all transactions between the Group and Ms Liang Yaling and her associates (including the Vendor); and

7.6.3. the aggregate value of all interested person transactions entered into by the Group,

for the current financial year commenced on 1 January 2023 up to the date of this Announcement:

Transaction	Amount[(1) (2)] (RMB '000)	Percentage of audited consolidated NTA at 31 December 2022 (%)
All transactions with Mr. Liang Guo Zhan and his associates	14,286	4.94
All transactions with Ms Liang Yaling and her associates	14,286	4.94
All interested person transactions	14,286	4.94

Notes:

(1) The amounts include the IPT Value.

(2) The amounts exclude transactions which are less than S$100,000 and transactions conducted under the shareholders' mandate obtained pursuant to Rule 920 of the Listing Manual.

7.7. **Financial Effects of the Purchase Agreements**

The proforma financial effects of the Purchase Agreements on the Group set out below are for illustrative purposes only and should not be taken as an indication of the actual future financial performance or position of the Group following the Purchase Agreements, nor a projection of the future financial performance or position of the Group after completion of the Purchase Agreements.

The proforma financial effects of the Purchase Agreements are based on the Group's audited consolidated financial statements for FY2022.

7.7.1. Net Tangible Assets ("**NTA**") per share

Assuming that the Purchase Agreements had been completed on 31 December 2022, the NTA per share of the Group would be as follows:

	Before	After
NTA (RMB)	288,642,000	288,628,993
Number of issued shares	383,288,000	383,288,000
NTA per share (RMB)	0.7531	0.7530

7.7.2. Earnings per share ("**EPS**")

	Before	After
Net profit/(loss) after tax (RMB)	48,505,000	48,491,992.70
Weighted average number of issued shares	383,288,000	383,288,000
EPS (RMB)	0.1265	0.1265

7.8. **Disclosure under Rule 1010(13) of the Listing Manual**

The relative figures for the Purchase Agreements using the applicable bases of comparison set out in Rule 1006(b), Rule 1006(c) and Rule 1006(d) of the Listing Manual are set out in the table below.

Rule	Bases of Computation	Relative Figures
1006(b)	The net profits attributable to the assets acquired or disposed of, compared with the group's net profits.	-0.03% (1)
1006(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	8.44%
1006(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable (2)

Notes:

(1) Shantou Zhenyang is currently a loss-making company. Guangxi Zhongzhan does not have reported figures for FY2022 as it was incorporated in November 2022.

(2) No equity securities are being issued by the Company as consideration for the acquisition.

7.9. **Valuation Reports and Purchase Agreements**

Copies of the valuation reports issued by Guangdong Liangxin and copies of the Purchase Agreements are available for inspection during normal business hours at the issuer's registered office for 3 months from the date of this announcement.

7.10. **Opinion of the Audit Committee**

The Audit Committee of the Company is of the view that the transaction is on normal commercial terms and is not prejudicial to the interests of the issuer and its minority shareholders.

By Order of the Board

Liang Guo Zhan
Executive Chairman
4 September 2023