



OUHUA ENERGY HOLDINGS LIMITED

(Incorporated in Bermuda with Registration Number 37791)

INTERESTED PERSON TRANSACTION PURSUANT TO CHAPTER 9 OF THE SGX-ST LISTING MANUAL (THE "LISTING MANUAL") - SALE AND PURCHASE AGREEMENT ENTERED INTO BETWEEN CHAOZHOU OUHUA ENERGY CO., LTD AND CHAOZHOU HUAXIN ENERGY CO., LTD

1. INTRODUCTION

The Board of Directors of Ouhua Energy Holdings Ltd (the "Company"), together with its subsidiaries (the "Group") wishes to announce that the Company had on 30 December 2021, through its wholly-owned subsidiary, Chaozhou Ouhua Energy Co., Ltd (the "Purchaser") entered into a sale and purchase agreement (the "SPA") with Chaozhou Huaxin Energy Co., Ltd (the "Vendor") to acquire storage facilities of two (2) sets of heating boilers and one (1) set of heat conduction oil tank and pump equipment (the "Assets") from the Vendor in accordance with the terms and conditions set out in the SPA (the "Proposed Acquisition").

The principal terms of the SPA are set out under paragraph 3 of this announcement.

2. THE PROPOSED ACQUISITION AS AN INTERESTED PERSON TRANSACTION

The Vendor is a company incorporated in the People's Republic of China ("PRC") and is primarily engaged in the wholesale of methanol and leasing of storage facilities.

An interested person transaction ("IPT") means a transaction between an entity at risk and an interested person. As the Purchaser is a wholly owned subsidiary of the Company, it is deemed as an entity at risk pursuant to Chapter 9 of the Listing Manual.

As at the date of this announcement (the "Announcement Date"), Mr. Liang Guo Zhan ("Mr. Liang"), who is the executive chairman and controlling shareholder of the Company, and hence, an interested person under Chapter 9 of the Listing Manual, holds a total of 81.53% interest (both direct and indirect) in the Vendor while Ms. Liang Ya Ling, who is the non-executive director of the Company and an immediate family member of Mr. Liang Guo Zhan, holds a total of 17.53% interest (both direct and indirect) in the Vendor. In this regard, the total interests held by Mr. Liang and Ms. Liang in the Vendor amount to more than 30%. Therefore, the Vendor is deemed as an associate of Mr. Liang and accordingly, an interested person under Chapter 9 of the Listing Manual.

In view of the above and pursuant to Chapter 9 of the Listing Manual, the Proposed Acquisition, which involves the Purchaser as an entity at risk and the Vendor as an interested person, is classified as an IPT.

3. PRINCIPAL TERMS OF THE SPA

3.1 Consideration and Terms of Payment

The consideration (exclusive of tax) for the Proposed Acquisition is RMB8,230,027.10, which is in accordance with the value of the Assets based on a valuation report No. C088 dated 18 November 2021 (the "Consideration"). The final sum payable by the Purchaser to the Vendor,

which is based on the value-added tax invoice (the "VAT Invoice") issued by the Vendor, shall be inclusive of tax (the "Final Consideration").

The Final Consideration shall be paid by the Purchaser to the Vendor within five (5) business days upon the Purchaser's receipt of the VAT Invoice issued by the Vendor.

The balance of the Final Consideration shall be paid by the Purchaser to the Vendor within fifteen (15) business days upon the Purchaser's receipt of a tax invoice issued by the Vendor after completion of the handover of the Assets.

3.2 Handover of the Assets and Delivery of Relevant Documents

The Vendor shall transfer the Assets to the Purchaser from the effective date of the SPA and assist the Purchaser in the inventory of the Assets and handover procedures. The handover of the Assets shall be completed at the Vendor's factory.

The Vendor shall deliver to the Purchaser the drawings, materials or information, and technical documents, etc. in respect of the Assets within one (1) month from the effective date of the SPA.

The representatives of the Vendor and the Purchaser shall perform an on-site joint inspection and having satisfied with the joint inspection, execute an asset handover list (the "Asset Handover List"). The date of execution of the Asset Handover List shall be the date of the handover of the Assets.

3.3 Passing of risks

The risks of damage or loss to the Assets shall rest upon the Vendor before the handover and shall pass to the Purchaser after such handover.

3.4 Force Majeure Event and Termination of the SPA

In the event either party is unable to perform any of its obligations under the SPA due to any events, circumstances or causes beyond the reasonable control of that party (the "Affected Party"), the performance of such obligations of the Affected Party shall be suspended.

Such events, circumstances or causes, which arise after the date of the SPA, are deemed as force majeure events if they are reasonably unforeseeable or, if reasonably foreseeable, are inevitable and insurmountable which render the performance of the obligations objectively impossible or impracticable (the "Force Majeure Events"). The Force Majeure Event shall include but is not limited to acts of God, such as floods, fires, droughts, typhoons and earthquakes, or social events, such as wars, unrests, riots, strikes, acts of government or laws.

In the event of a Force Majeure Event, the parties shall forthwith negotiate and decide, in good faith, the execution of the SPA. Upon cessation of such Force Majeure Event or its effects on the performance of the Affected Party's obligations under the SPA, the parties shall forthwith continue to perform their respective obligations under the SPA. In the event such Force Majeure Event continues, the parties may negotiate to terminate the SPA or postpone the performance of the SPA, and the Affected Party shall not be liable for its inability to perform any of its obligations therein. Notwithstanding the aforementioned, in the event the Force Majeure Event occurs due to the Affected Party's delay in performing its obligations under the SPA, the liability of the Affected Party shall not be exempted.

4. VALUATION REPORT

The Group has procured a valuation report dated 18 November 2021 issued by 广东嘉信资产评估事务所, a valuer in the PRC (the "Valuation Report"). According to the Valuation Report, the value of the Assets is RMB8,230,027.10.

5. RATIONALE FOR THE PROPOSED ACQUISITION

The Board of Directors of the Company is of the opinion that the Proposed Acquisition shall be beneficial to the Company as it would provide sufficient storage facilities to the Purchaser to enable the Purchaser to manage the demands for liquefied petroleum gas under the cold weather in the upcoming peak business season.

Furthermore, the capital expenditure for the Proposed Acquisition would also reduce the tax burden on the Company under the prevailing tax incentive schemes in PRC.

6. INTERESTED PERSON TRANSACTION AND COMPLIANCE REQUIREMENTS

6.1 Application of Rule 905 of the Listing Manual

Pursuant to Rule 905 of the Listing Manual, the Company is required to make an immediate announcement of any IPT which is of a value equal to, or more than 3% of the Group's latest audited net tangible assets ("the Group's latest audited NTA").

According to the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2020 ("FY2020"), the Group's latest audited NTA was RMB207,230,000.00. The Consideration payable for the Assets is RMB8,230,027.10, which exceeds 3% of the Group's latest audited NTA of RMB207,230,000.00.

In view of the above, the Proposed Acquisition is subject to the announcement requirements under Rule 917 of the Listing Manual, and the Company's Audit Committee's review and opinion.

6.2 Current Total of IPT

Save for the Proposed Acquisition, there were no other IPTs between the Group and any interested persons from 1 January 2021 to the Announcement Date.

7. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of the Company, comprising Mr. Gerald Yeo @ Yeo Ah Khe, Mr. Limjoco Ross Yu and Ms. Liang Ya Ling, having considered and reviewed the terms and rationale of the SPA together with the Valuation Report, is of the view that the SPA is concluded upon normal commercial terms and would not be prejudicial to the interests of the Company and its minority shareholders.

8. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

8.1 The relative figures computed on the relevant bases, as set out in Rule 1006 of the Listing Manual, in relation to the Proposed Acquisition, which are based on the latest audited consolidated financial statements of the Group for FY2020, are as follows:

Rule 1006	Bases	Relative figures computed in accordance with Rule 1006 of the Listing Manual
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable ⁽¹⁾
(b)	The net profits attributable to the assets acquired, compared with the Group's net profits	Not applicable ⁽²⁾

(c)	The aggregate value of the Consideration given, compared with the Company's market capitalisation based on the total number of issued shares (excluding treasury shares)	6.9% ⁽³⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable ⁽⁴⁾
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the Group's proved and probable reserves	Not applicable ⁽⁵⁾

Note:

- (1) This basis is not applicable to the Proposed Acquisition.
- (2) No profits are attributable to the Assets as the Assets only form part of the Purchaser's production system and hence, are unable to generate cash flows.
- (3) The aggregate value of the Consideration for the Proposed Acquisition is RMB8,230,027.10. The Company's market capitalisation is approximately RMB118,642,967.52, computed based on 383,288,000 ordinary shares in issue (excluding treasury shares) and the weighted average price of S\$0.066 per share transacted on 29 December 2021 being the last market day preceding the date of the SPA.
- (4) The Consideration for the Proposed Acquisition does not include any equity securities.
- (5) This basis is not applicable to the Proposed Acquisition.

8.2 As the relative figure under Rule 1006(c) of the Listing Manual exceeds 5% but not 20%, the Proposed Acquisition is classified as a discloseable transaction under Rule 1010 of the Listing Manual.

9. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

9.1 Bases and Assumptions

The pro forma financial effects of the Proposed Acquisition on the net tangible assets ("NTA") per share of the Company, and the earnings per share ("EPS") of the Company as set out below are prepared based on the audited financial statements of the Company for FY2020 and purely for illustration only and do not reflect the actual future financial situation of the Company following the completion of the Proposed Acquisition.

The pro forma financial effects have also been prepared based on, *inter alia*, the following assumptions:

- (a) the Proposed Acquisition had been effected on 31 December 2020, being the end of the most recently completed financial year of the Company, for illustrating the financial effects on the NTA of the Company; and
- (b) the Proposed Acquisition had been effected on 1 January 2020, being the beginning of the most recently completed financial year of the Company, for illustrating the financial effects on the EPS of the Company.

9.2 NTA

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (RMB)	207,230,000	207,230,000
No. of issued shares	383,288,000	383,288,000
NTA per share (RMB)	0.5407	0.5407

9.3 EPS

	Before the Proposed Acquisition	After the Proposed Acquisition
Earnings (RMB)	10,581,000	10,581,000
No. of issued shares	383,288,000	383,288,000
Basic EPS – (RMB cents)	2.76	2.76

10. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN THE COMPANY

10.1 The details of the Directors' and Controlling Shareholders' interests in the Company, as at the Announcement Date, are set out below:

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
<u>Directors</u>						
Liang Guo Zhan	22,974,000	5.99	220,914,000 ⁽²⁾	57.64	243,888,000	63.63
Gerald Yeo @ Yeo Ah Khe	150,000	nm ⁽³⁾	-	-	150,000	nm ⁽³⁾
Limjoco Ross Yu	-	-				
Liang Ya Ling	-	-	1,791,000	0.47	1,791,000	0.47
Zhang Jinming	-	-				
<u>Controlling Shareholders</u>						
Liang Guo Zhan	22,974,000	5.99	220,914,000	57.64	243,888,000	63.63
High Tree Worldwide Ltd.	220,914,000	57.64	220,914,000	57.64	220,914,000	57.64

Note:

(1) Rounded to the nearest two (2) decimal places, based on 383,288,000 shares in issue as at the Announcement Date.

(2) High Tree Worldwide Ltd. is wholly-owned by Mr Liang Guo Zhan, who is thus deemed to have an interest in the shares held by High Tree Worldwide Ltd. by virtue of section 7 of the Companies Act, Chapter 50 of Singapore. Such shares are registered in the name of CGS-CIMB Securities (Singapore) Pte. Ltd.

(3) Not meaningful.

10.2 Save as disclosed in this announcement, none of the Company's Directors or Controlling Shareholders has any interest (direct or indirect) in the Proposed Acquisition except through their respective shareholding interests in the Company, as the case may be.

11. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Company for a period of three (3) months from the Announcement Date:

- (a) the SPA; and
- (b) the Valuation Report.

13. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Group and the Directors are not aware of any facts, the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the announcement in its proper form and context.

By Order of the Board
Liang Guo Zhan
Executive Chairman
30 December 2021