



## OUHUA ENERGY HOLDINGS LIMITED

(Incorporated in Bermuda with Registration Number 37791)

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### INTERESTED PERSON TRANSACTION – BAREBOAT CHARTER AGREEMENT ENTERED INTO BETWEEN CHAOZHOU OUHUA ENERGY CO., LTD AND CHAOZHOU HUAFENG (GROUP) INCORPORATION LTD

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#### 1. INTRODUCTION

The Board of Directors of Ouhua Energy Holdings Ltd (the “**Company**”) is pleased to announce that the Group has through its wholly-owned subsidiary, namely Chaozhou Ouhua Energy Co., Ltd (the “**Charterer**”), entered into a bareboat charter agreement dated 15 May 2014 with Chaozhou Huafeng (Group) Incorporation Ltd (the “**Owner**”), pursuant to which the Charterer will charter from the Owner, a 3,700 cubic meters vessel as a liquefied petroleum gas (“**LPG**”) carrier (the “**Vessel**”) named “雨田七 (Yutian 7)”, which is currently registered in the name of the Owner under the flagship of the People’s Republic of China (the “**PRC**”) (the “**Charter Agreement**”).

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

#### 2. INTERESTED PERSON TRANSACTIONS

The Owner is a company incorporated in the PRC and is primarily engaged in investment holding and the distribution of LPG to end-users through its LPG retail stations in the PRC.

The Owner is jointly owned by Chaozhou Huafeng (Group) Ltd and its union (a body representing the employees), as well as associates of Mr Liang Guo Zhan, with a shareholding of 94.4%, 3.5% and 2.1% respectively.

Chaozhou Huafeng (Group) Ltd is a company incorporated in the PRC and is primarily engaged in investment holding. Mr Liang Guo Zhan, who is the executive chairman of the Board and chief executive officer of the Company, owns 79% of Chaozhou Huafeng (Group) Ltd, while Ms Wang Hua Zhu, the substantial shareholder and mother of Mr Liang Guo Zhan, and Guo Shao Kai, owns 20% and 1.0% of Chaozhou Huafeng (Group) Ltd respectively.

In view of the above and pursuant to Chapter 9 of the SGX-ST Listing Manual (the “**Listing Manual**”), the Charterer is deemed as an entity-at-risk, while the Owner is an associate of the Company’s directors and chief executive officers. In this regard, the Charter Agreement between the Charterer and the Owner will be deemed as an interested person transaction as defined under Chapter 9 of the Listing Manual.

### **3. PRINCIPAL TERMS OF THE CHARTER AGREEMENT**

#### **3.1 Charter Period**

The period of the Charter Agreement is one (1) year commencing from 15 May 2014. Upon the expiry of the Charter Agreement, the Charterer is entitled to request for a renewal of the Charter Agreement, subject to one (1) month prior notice to the Owner, and at a price to be mutually agreed between the parties therein, taking into consideration the prevailing market conditions.

#### **3.2 Price and Payment**

The charter price for the Charter Agreement is fixed at RMB860,000 per month (the “**Charter Price**”). The said price shall be paid by the Charterer to the Owner before the 25th of each calendar month. In the event of any default in payment, the Charterer is liable to pay additional fees at a rate of 0.03% of the due and payable amount, and the Owner reserves the right to exercise lien over the Charterer's goods.

All the fees and costs incurred from or in connection with the operation of the Vessel during the Charter Agreement shall be borne by the Charterer, including but not limited to the crew's salary, port charges, fuel cost, maintenance cost and inspection cost.

#### **3.3 Maintenance and Operation**

The Vessel will be fully and solely under the Charterer's control, possession, and utilisation for any purpose as determined by the Charterer.

The Charterer shall ensure that the Vessel and its equipments be maintained in a proper state and condition. The Charterer shall procure the fixing or replacement of any damaged, lost or missing equipments in a manner without diminishing the Vessel's value.

#### **3.4 Insurance coverage and taxes**

The Charterer shall at its own cost ensure the Vessel is insured at a value provided by the Owner.

All the taxes imposed in relating to the Vessel shall be borne or paid by the Charterer, while the Owner shall be exempted from any tax liabilities.

#### **3.5 Default**

The Charterer shall make good any breach of the Charter Agreement and/or indemnify the Owner for any loss or damage caused by the Charterer's default or any reason attributable to the Charterer.

#### **3.6 Termination**

The early termination of the Charter Agreement, either by the Charterer or the Owner, will constitute an event default, and the defaulting party shall be liable to pay to the non-defaulting party, the damage of RMB500,000, in addition to the costs incurred for statutory inspection, repair and other ancillary matters.

Notwithstanding the foregoing, either party shall be entitled to terminate the Charter Agreement by reason of *force majeure*.

#### 4. Valuation Report

The Group has procured a valuation report dated 13 December 2013 issued by a valuer in the PRC (汕头市立真资产评估有限公司) (the “**Valuation Report**”). According to the Valuation Report, the market price for the charter of a similar vessel is around RMB1,200,000 per month.

#### 5. RATIONALE

The nature of the Group’s business requires specialised vehicles to transport the Group’s products. As the Group does not have adequate LPG carriers, the Group has been relying heavily on external resources for the transportation of LPG. The Charter Agreement will be able to provide the Group with access to reliable transportation of the Group’s product at market prices and will give the Group greater assurance that such services will continue uninterrupted and will not be terminated on a short notice.

Prior to the Charter Agreement, the Group has been chartering LPG carriers from the Owner for short-term utilisation since November 2013 on a temporary basis. In view of the significant increase in the sales activities, the Group is determined to enter into a long-term agreement so as to fix the charter fee at a reasonable rate.

#### 6. INTERESTED PERSON TRANSACTION AND COMPLIANCE REQUIREMENT

##### 6.1 Application of Rule 906 and Rule 920 of the Listing Manual

In accordance with Rule 906(1)(a) of the Listing Manual, where the value of an interested person transaction is equal to or exceeds 5% of the Group’s latest audited net tangible asset for the financial year immediately preceding the date the agreements were entered into, the issuer must obtain shareholder approval either prior to the transactions being entered into, or if the transactions are expressed to be conditional on such approval, prior to the completion of the transactions, as the case may be.

Under Rule 920 of the Listing Manual, an issuer may seek a general mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations, which may be carried out with the issuer’s interested persons, but not for the purchase or sale of assets, undertakings or businesses.

According to the Group’s audited financial statements for the financial year ended 31 December 2013 (“**FY2013**”), the audited net tangible asset of the Group for the FY2013 was RMB190,618,000. The price payable for a one-year charter is RMB10,320,000, which exceeds 5% of the Group’s latest audited net tangible asset of RMB9,530,900.

The Company had on 13 September 2006 obtained a general mandate from its shareholders for the lease of LPG transportation vehicles from Chaozhou Huafeng (Group) Ltd and the Owner. This mandate has been renewed annually with the most recent renewal being carried out during the annual general meeting held on 29 April 2014 and will continue in force until the next annual general meeting (the “**General Mandate**”).

In view of the above, although the value of the Charter Agreement exceeds 5% of the Group’s latest audited net tangible asset, the General Mandate will allow the Company to enter into the Charter Agreement without the need to obtain approval from its shareholders. The Charter Agreement, however, is subject to the Company’s Audit Committee’s review and opinion.

## 6.2 Current Total of Interested Person Transaction

From 1 January 2014 to 31 March 2014, the current total of all transactions with the Owner amounted to RMB2,451,982, and the current total of all interested person transactions during the period amounted to RMB76,714,636, details of which have been disclosed in the Company's unaudited financial statement for the first quarter ended 31 March 2014, released via SGXNET on 15 May 2014.

## 7. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The details of the Directors' and Substantial Shareholders' interests in the Company's shares as at the date of this announcement are set out below:

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
<b><u>Directors</u></b>						
Liang Guozhan <sup>(1)</sup>	100	nm <sup>(3)</sup>	220,914,000	57.64	220,914,100	57.64
Ye Tian Shun	-	-	-	-	-	-
Gerald Yeo@Yeo Ah Ke	150,000	nm <sup>(3)</sup>	-	-	150,000	nm <sup>(3)</sup>
Tham Hock Chee	-	-	-	-	-	-
Xiong Wei	-	-	-	-	-	-
<b><u>Substantial Shareholders</u></b>						
High Tree Worldwide Ltd. <sup>(1)</sup>	220,914,000	57.64	-	-	220,914,000	57.64
Wang Hua Zhu <sup>(2)</sup>	21,880,000	5.7	-	-	21,880,000	5.7

### NOTE:

(1) 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 by virtue of section 7 of the Companies Act, chapter 50 of Singapore. Such shares are registered in the name of CIMB Securities (Singapore) Pte Ltd.

(2) Ms Wang Hua Zhu is the mother of Mr Liang Guo Zhan.

(3) Not meaningful.

Save as disclosed in this announcement, none of the Directors, substantial shareholder of the Company and their associates have any other interest, direct or indirect, in the Charter Agreement.

## 8. OPINION OF THE AUDIT COMMITTEE

The Audit Committee of the Company, comprising Mr Gerald Yeo @ Yeo Ah Ke, Mr Tham Hock Chee, and Mr Xiong Wei have reviewed the terms and rationale of the Charter Agreement together with the Valuation Report, and is of the view that the Charter Agreement is concluded upon normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

## **9. 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 Charter Agreement, the Company and its subsidiaries, 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.

## **10. 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 date of this announcement:

- (a) the Charter Agreement; and
- (b) the Valuation Report.

By Order of the Board  
Liang Guo Zhan  
Executive Chairman  
16 May 2014