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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)**

### **INSIDE INFORMATION MEMORANDUM OF UNDERSTANDING IN RESPECT OF A POSSIBLE ACQUISITION**

This announcement is made by Yuhua Energy Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) in accordance with Rule 13.09(2) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

#### **MEMORANDUM OF UNDERSTANDING**

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 12 February 2020 (after trading hours), the Company (as the intended purchaser) entered into a memorandum of understanding (the “**MOU**”) with the Vendor 1 and Vendor 2 (collectively as the “**Vendors**”) (as the intended vendors), pursuant to which the Company intends to acquire 51% of the equity interest of the Target Company and the Vendor 1 and Vendor 2 intends to sell 26.01% and 24.99% of the equity interest of the Target Company respectively (the “**Possible Acquisition**”). As at the date of the MOU, the Vendor 1 and Vendor 2 holds respectively 51.00% and 49.00% of the issued share capital of the Target Company. The Target Company is principally engaged in providing operational services for digital energy trading parks of energy business sector in China.

#### **Principal Terms of MOU**

Date: 12 February 2020

Parties: (i) the Company, being the intended purchaser; and  
(ii) the Vendor 1 and Vendor 2, being the intended vendors.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, and save as aforesaid, the Vendors and their ultimate beneficial owner(s) are independent third parties.

### **Consideration**

The consideration of the Possible Acquisition will be at around RMB25,500,000. The exact amount of the consideration, the manner and the method of payment of the consideration for the Possible Acquisition will be further negotiated between the parties to the MOU with reference to the net book valuation of the Target Company and the results of the due diligence to be conducted by the Company on the Target Company, and shall be subject to the terms and conditions of the formal agreement, which may or may not be entered into by the parties to the MOU in relation to the Possible Acquisition.

### **Due Diligence Review**

The Company will conduct a due diligence review from the date of the MOU on the Vendors and the Target Company upon execution of the MOU.

### **Exclusivity**

During a 3 months period after the date of execution of the MOU (or such other date as agreed between the Company and the Vendors in writing) (the "**Exclusivity Period**"), the Company will have exclusive right to negotiate with the Vendors in relation to the terms of the Possible Acquisition. During the Exclusivity Period, the Vendors shall not directly or indirectly negotiate or agree with any other party with respect to the disposal of the Target Company or any of its businesses.

### **Formal Agreement**

The Vendors and the Company shall use their best endeavours to enter into a formal agreement in relation to the Possible Acquisition within three months from the date of the MOU (i.e. 12 May 2020) (or such later date as the Vendors and the Company may otherwise agree in writing), subject to the results of the aforesaid due diligence review to the Company's satisfaction. The formal agreement shall include customary terms, conditions and undertakings for a transaction of this nature as agreed by the Vendor and the Company.

### **Termination**

The MOU will be terminated upon:

- (i) the execution of a formal agreement; or
- (ii) the parties failed to enter into a formal agreement on or before 12 May 2020 (or such later date as the Vendors and the Company may otherwise agree in writing) the date of execution of a formal agreement; or
- (iii) the parties mutually agreed not to proceed with the Possible Acquisition.

## **Binding Effect**

The MOU does not create legally binding obligations on the parties on the substantive terms in relation to the Possible Acquisition (including the consideration) but is legally binding as to some miscellaneous and general terms relating to confidentiality, the Exclusivity Period, the public announcement, the execution and governing laws contained therein.

## **General**

**The Board wishes to emphasize that no binding agreement in relation to the Possible Acquisition has been entered into as at the date of this announcement. Shareholders and potential investors of the Company should note that the Possible Acquisition may or may not proceed and are advised to exercise caution when dealing in the shares of the Company. If the Possible Acquisition materialises, it may constitute a notifiable transaction on the part of the Company. Further announcement in respect of the Possible Acquisition will be made by the Company in the event that any formal agreement has been signed.**

By order of the Board  
**Yuhua Energy Holdings Limited**  
**Yuan Hongbing**  
*Executive Director*

Hong Kong, 12 February 2020

*As at the date of this announcement, the Company has three executive Directors, namely Mr. Chen Jinle (Chairman), Mr. Lin Caihuo and Mr. Yuan Hongbing, one non-executive Director, namely Mr. Wang Shoulei, and three independent non-executive Directors, namely Mr. Liu Yang, Mr. Tche Heng Hou Kevin, and Mr. Gao Han.*

\* The Company is in the course of registration of its new Company name “Jintai Energy Holdings Limited” in Hong Kong.