OUHUA ENERGY HOLDINGS LIMITED

ENGAGING POSSIBILITIES, ADVANCING FORWARD

ANNUAL REPORT 2022

OUR MISSION

WE BELIEVE IN PROVIDING SAFE AND ENVIRONMENTALLY-FRIENDLY ENERGY, AND SO WE ENVISION TO ESTABLISH AN INTERNATIONALLY RENOWNED ENTERPRISE, AND BUILD AN INTEGRATED ENERGY BRAND FOR A WORLD OF SUSTAINABLE ENERGY.

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CORPORATE PROFILE

Ouhua Energy Holdings Limited ("Ouhua Energy" or the "Company", and together with its subsidiaries, the "Group") is one of the leading importers of liquefied petroleum gas ("LPG") in the People's Republic of China ("PRC") in terms of quantity. Ouhua Energy is strategically based in Chaozhou City, Guangdong Province, the "Ceramics Capital" of the PRC. Production of ceramics relies heavily on LPG.

Ouhua Energy captures about 40% of the local market share in east of Guangdong.In addition to importing most ofthe raw materials, namely butane and propane, from overseas suppliers and processing these into LPG,it also directly purchases LPG from domestic refineries for sale to customers across the PRC, and exports to Vietnam, Philippines and Thailand and so on. Ouhua Energy is equipped with a comprehensive suite of production facilities, including over 100,000 cubic metres of LPG storage facilities, and a current annual LPG production capacity of 900,000 tonnes. These facilities are well located in a prime waterfront area supported by wharves that enable the Group to serve diverse markets beyond a geographical radius of 500 kilometres by land and 300 kilometres across the sea.

As a licenced tier-one LPG distributor, the Group is focusing its efforts on developing the LPG retail chain, including the construction of urban gas pipeline system. Moving towards a green, low-carbon emission economy environment, LPG is a clean energy and can be widely used in commercial vehicles. The Group is also committed to exploring the market in LPG filling gas stations and the production of dimethyl ether ("DME"), to further integrate advanced technology into its operations and extend the product chain which utilises the same raw materials to ensure that it retains a competitive position in imports.

The strong emphasis on product quality, safety, embedded technologies and environmental practices has cemented the Group's distinguished reputation and contributed to a strong customer base. The core values of the business are to seize opportunities which are before us, earn and maintain the trust of our clients, establish a high-value market position, innovate and achieve sustainable development.

CHAIRMAN'S MESSAGE

LIANG GUO ZHAN
Executive Chairman
Ouhua Energy Holdings Limited

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

On behalf of the Board, I am proud to present the Group's performance for the financial year ended 31 December 2022 ("FY2022"). For the year under review, we continued to unlock and deliver value against a backdrop of a global economy that is still recovering from the Novel Coronavirus ("COVID-19") pandemic. Border reopenings and ongoing vaccination programmes translated to steady economic recovery despite new virus variants and outbreaks. The year also saw geopolitical conflicts disrupting economic activity, and the resulting inflation and rising US interest rates became a concern. Despite these challenges, the Group pressed forward with operational improvements to continue navigating towards future growth.

BUSINESS REVIEW

For the financial year under review, our revenue increased by approximately 30.3% or RMB 1,081.2 million from RMB 3,563.5 million in FY2021 to RMB 4,644.7 million in FY2022. This was due to the significant increase in the average price of liquefied petroleum gas ("LPG") from RMB 4,449 per ton in FY2021 to RMB 5,175 in FY2022, combined with the higher sales volume of LPG from 802,660 tons in FY2021 to 897,543 tons in FY2022. With the shift towards clean energy in China, LPG has become a key energy source for the users in the industrial, residential and petrochemical industry.

In line with the Group's increase in revenue, gross profit increased by RMB 53.8 million or 41.0% from RMB 131.3 million in FY2021 to RMB 185.0 million in FY2022. The price hikes for LNG have spurred an increase in demand for LPG as an alternative, and since we had built up our inventories prior to the price hike, we saw an improvement in our gross profit margin from 3.7% in FY2021 to 4.0% in FY2022. After deduction for costs and taxes, the Group yielded a net profit of RMB 48.5 million for FY2022, compared to the net profit of RMB 33.0 million in FY2021.

OUTLOOK FY2023

The PRC's carbon reduction and carbon neutrality policy continues to spur rising demand for clean energy in China, which in turn creates opportunities for us to unlock greater value by leveraging on our established position in the LPG industry. Furthermore, ongoing geopolitical tensions, including the Russia-Ukraine war, may lead to further oil price volatility, which in combination with global inflation, may lead to further negative impacts on the global economy and affect the recovery process.

Despite the aforementioned challenges, the forecast published on 3 February 2023 by the International Monetary Fund ("IMF") projected that China's economy is to expand by 5.2% in 2023, compared to the 3% growth in 2022, and hence contribute to a third of the global growth for this year . This growth is driven by a rebound in private consumption accompanying the reopening in China which took place earlier than expected .

Ouhua endeavours to seize opportunities that may arise from the ongoing geopolitical and economic developments. As we contribute to China's sustainability efforts, the management will continue upgrading our infrastructure and investing in clean energy technologies to remain relevant and agile to better serve the evolving needs of our customers.

We are also placing greater emphasis on risk management and exploring opportunities to turn challenges into opportunities. Work is already underway to further integrate risk management into our daily business and allow us to best respond in today's fast-changing world.

Ouhua will also continue to build upon on the Company's long-established relationships with customers, suppliers, banks and local government, while seeking to diversify our customer base to more industries and regions to improve its capability for sustainable growth.

CHAIRMAN'S MESSAGE

ACKNOWLEDGEMENTS

On behalf of the Board and Management, I would like to express my heartfelt appreciation to our valued staff, customers, business partners and other stakeholders for their steadfast support especially in the current landscape. Given our track record, I am confident that we will continue to optimise our operations and stay on top of challenges as we pursue better results and value for all parties.

LIANG GUO ZHAN

Executive Chairman

Ouhua Energy Holdings Limited

1 *https://www.imf.org/en/News/Articles/2023/02/02/cf-chinas-economy-is-rebounding-but-reforms-are-still-needed*

2 *https://www.imf.org/en/News/Articles/2023/02/01/sp-china-aiv-press-briefing-opening-remarks*

尊敬的各位股东，

我很高兴提呈本集团截至2022年12月31日止财政年度（“2022财年”）的业绩。回顾年度内，在全球经济经历新型冠状病毒（“新冠疫情”）后仍在复苏的环境下，我们继续为股东探索及带来价值。尽管出现新的病毒变株及新一波疫情，各地通关及持续推行疫苗接种工作使经济逐渐重回轨道。本年度也发生地缘政治纷争，令经济活动受到干扰，所造成的通胀、美元利率上调也让人担忧。集团无惧各种挑战，持续推进营运优化工作，继续迈向未来发展。

业务回顾

于回顾财年，我们的收益由2021财年的人民币35亿6350万元增加约30.3%或人民币10亿8120万元至2022财年的人民币46亿4470万元，增加主要是由于液化石油气（“LPG”）平均价格由2021财年每吨人民币4,449元大幅增加至2022财年每吨人民币5,175元，同时LPG销量由2021财年802,660吨增加至2022财年897,543吨。随着中国向清洁能源转型，LPG逐步成为工业民用燃料及石化产业不可或缺的基础能源，加上报告期间国内外经济复苏，对LPG需求上升，我们的销量和收益也随之增长。

毛利由2021财年的人民币1亿3130万元上升人民币5380万元或41.0%至2022财年的人民币1亿8500万元，与收益增长保持一致。LNG价格飚升刺激市场寻求LPG作为替代品，对LPG需求上升，而我们则在价格上升前已经增加库存，因此毛利率由2021财年的3.7%增加至2022财年的4.0%。扣除各项费用及税款后，集团于2022财年实现纯利人民币4850万元，相比2021财年纯利人民币3300万元。

展望2023财年

中国的减排及碳中和政策继续刺激国内对清洁能源的需求，从而为我们带来机会，利用在LPG产业的布局获取更高价值。此外，俄乌战争等地缘政治局势持续紧张，可能造成油价更大波动，结合世界各地通胀情况，可能对世界经济构成更多不利影响，拖慢复苏进程。

尽管存在上文所述挑战，国际货币基金组织（“IMF”）2023年2月3日发布的预测指，中国国内比预期更早解封，伴随个人消费回弹推动经济增长[1]，中国经济预期将于2023年增长5.2%，相比2022年增长3%，也将对世界经济增长贡献三分之一[2]。

欧华致力把握持续进行的地缘政治和经济发展随时带来的机遇。我们响应国家可持续发展战略，持续升级基础设施、投资洁净能源技术，与时具进，灵活应变客户不断变化的需求，为客户提供更好的服务。

我们也更加强调做好风险管理工作，探索机遇将挑战化为商机。我们已在进行工作，将风险管理全面融入日常业务，使我们能在当今瞬息万变的世界随时作出最好的应变。

欧华也将继续与我们的客户、供应商、银行、地方政府建立长久良好关系，同时探讨将客户群拓展至多元产业和地区，增强我们的可持续发展能力。

致谢

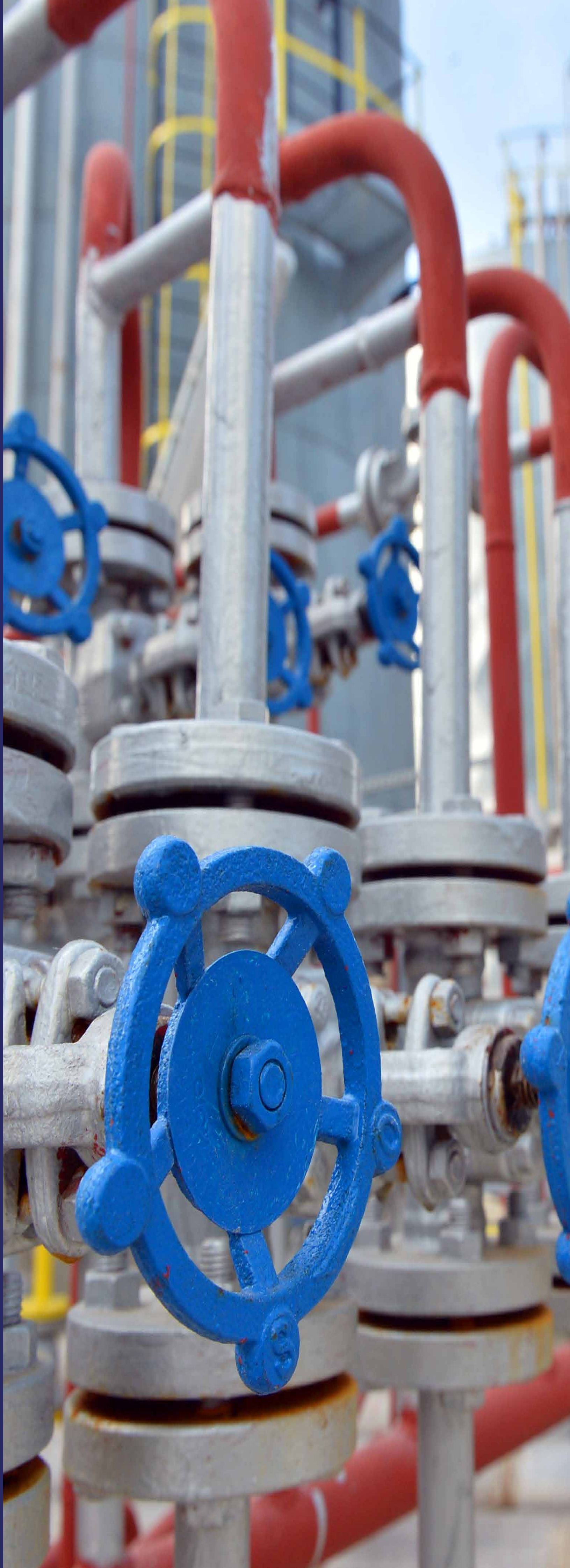
我谨代表董事会和管理层对我们宝贵的员工、客户、业务伙伴及所有有利益相关者，特别是在当前环境下依然给予我们坚定的支持，表示由衷的感谢。集团往绩有目共睹，我有信心我们将会继续优化营运效益，化解挑战，再创佳绩，继续为大家创造价值。

梁国湛
欧华能源控股有限公司
执行主席

1 *https://www.imf.org/en/News/Articles/2023/02/01/sp-china-aiv-press-briefing-opening-remarks*
2 *https://www.imf.org/en/News/Articles/2023/02/02/cf-chinas-economy-is-rebounding-but-reforms-are-still-needed*

POISED FOR **THE FUTURE**

The energy landscape of tomorrow beckons for sustainable energy solutions, and we stand ready to heed the call. As a provider of clean and efficient fuel products, we are well-positioned to deliver on emergent opportunities stemming from the rising demand for greener energy.



CORPORATE STRUCTURE

We are cautiously optimistic about both the short-term and the long-term future of our Group due to our Group's ongoing transformation and our focused efforts in capturing opportunities to improve and advance our level of technology.

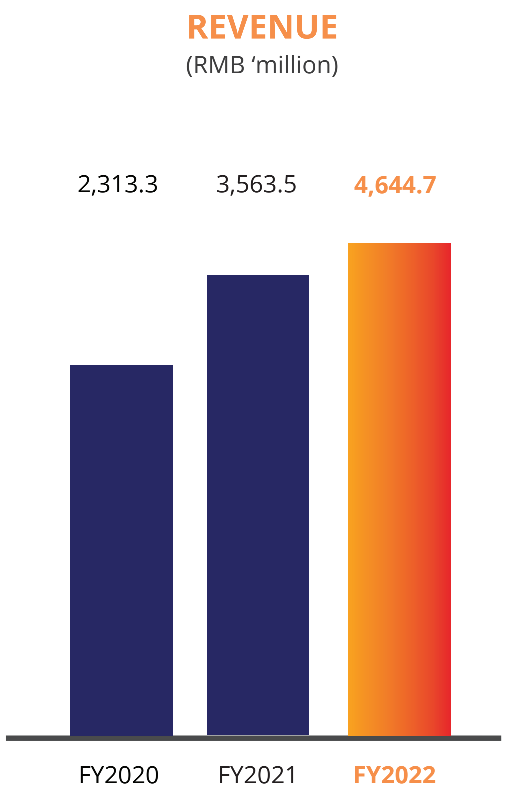
Ohwa Energy
欧华能源

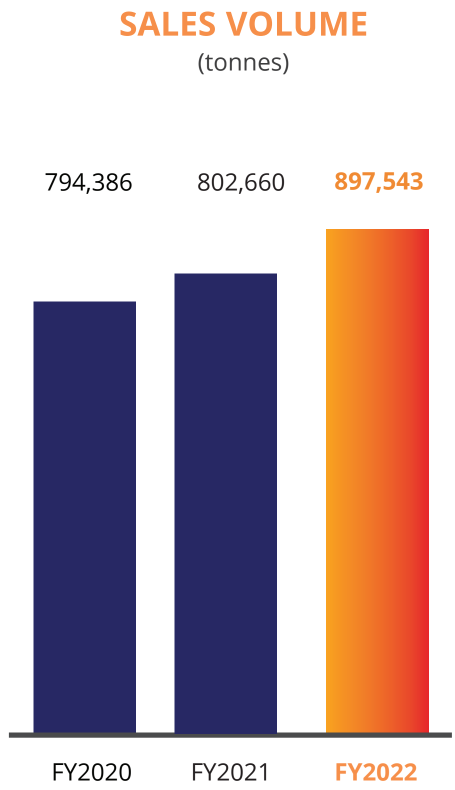
OUHUA ENERGY HOLDINGS LIMITED
BERMUDA

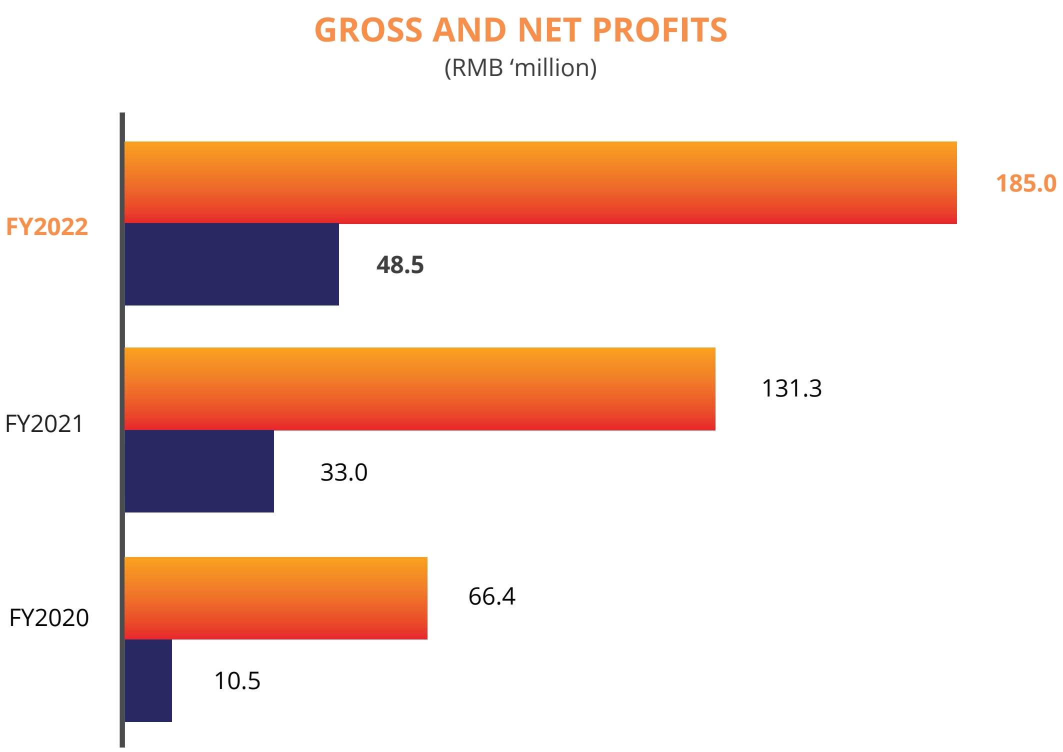
CHAOZHOU OUHUA ENERGY CO., LTD.
(PRC)

OUHUA ENERGY (SINGAPORE) PTE LTD
(SINGAPORE)

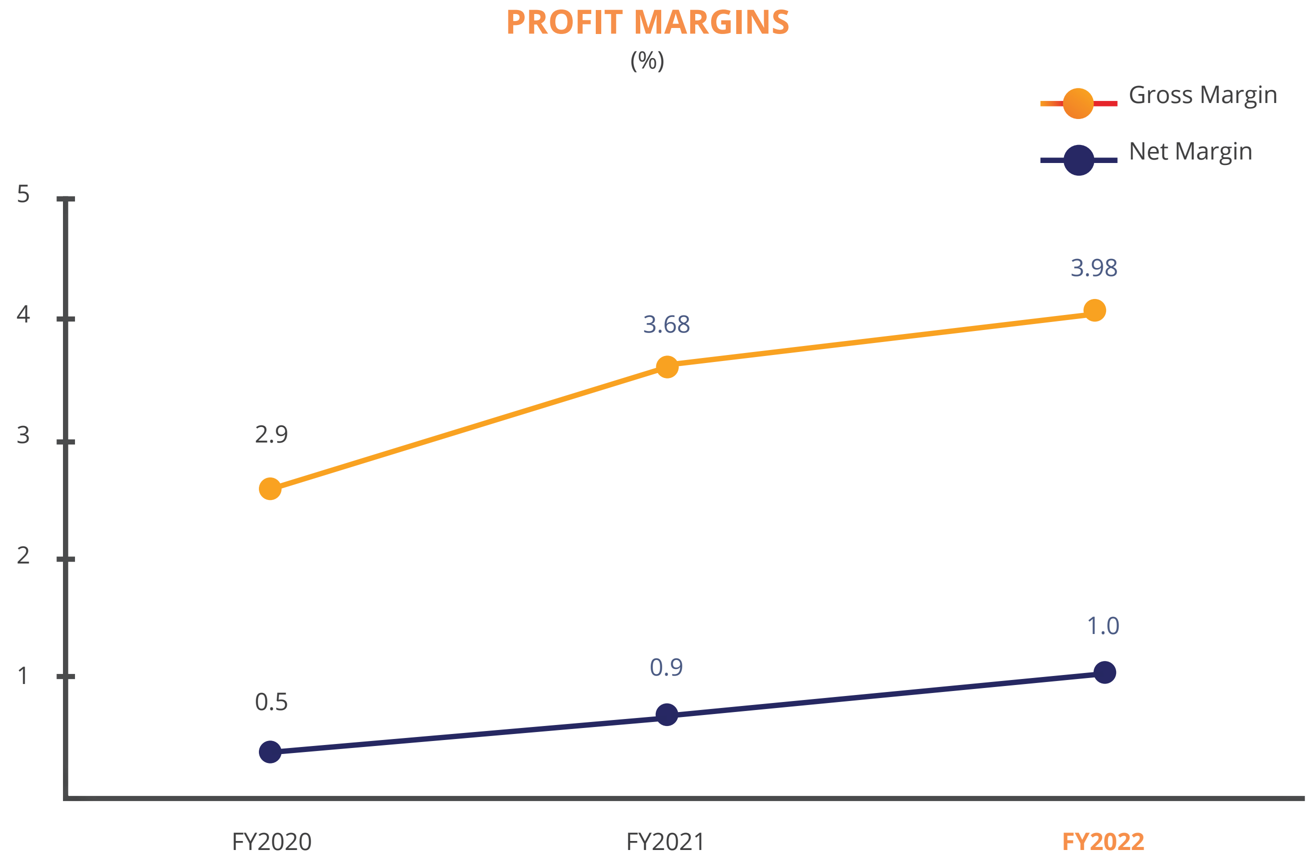
FINANCIAL HIGHLIGHTS







FINANCIAL HIGHLIGHTS



KEY FINANCIAL RATIO	FY2020	FY2021	FY2022
Earnings per Share (RMB cents)	2.76	8.62	12.65
Gross Margin (%)	2.9	3.68	3.98
Net Margin (%)	0.5%	0.9%	1.0%
Gearing Ratio (times)	1.20	0.84	1.4
NAV (RMB cents)	54.0	62.7	75.3

PRODUCTION DATA	FY2020	FY2021	FY2022
Designed Capacity (tonnes)	900,000	900,000	900,000
Weighted Average Design Capacity (tonnes)	900,000	900,000	900,000
Actual Output (tonnes)	794,386	802,660	897,543
Actual Output (percentage)	88.3	89.2	99.7

OPERATIONS REVIEW

OPERATING REVENUE

Revenue increased by approximately 30.3% or RMB 1,081.2 million from RMB 3,563.5 million in FY2021 to RMB 4,644.7 million in FY2022 due to a significant increase of liquefied petroleum gas ("LPG") price from RMB 4,449 per ton in FY2021 to RMB 5,175 per ton in FY2022, while sales volume of liquefied petroleum gas ("LPG") kept growing from 802,660 tons in FY2021 to 897,543 tons in FY2022.

COSTS AND EARNINGS ANALYSIS

Gross profit increased by RMB 53.8 million or 41.0% from RMB 131.3 million in FY2021 to RMB 185.0 million in FY2022 since LPG as alternative of LNG became increasingly popular with the hiking price of LNG; Meanwhile, we managed to build up the inventories prior to the price went up, which helped our gross profit margin improve from 3.7% in FY2021 to 4.0% in FY2022.

Other operating income decreased from RMB 13.9 million in FY2021 to RMB 10.8 million in FY2022. The decrease of RMB 3.1 million or 22.4% was mainly attributed to the decrease of fair value gains of RMB 2.6 million and foreign exchange gains of RMB 2.1 million.

Operating expenses decreased mainly due to:

i. Selling and distribution expenses increased by RMB 17.4 million or 32.5% from RMB 53.6 million in FY2021 to RMB 71.0 million in FY2022 due to an increase on marine freight, partially offset by a decrease on depreciation.

ii. Administrative expenses increased by RMB 2.0 million or 11.3% from RMB 18.0 million in FY2021 to RMB 20.0 million in FY2022 mainly due to an increase on manpower cost.

Other operating expenses increased by RMB 10.5 million or 84.3% to RMB 22.9 million in FY2022 from RMB 12.5 million in FY2021 is mainly due to exchange loss of RMB 6.4M and fair value loss of RMB 5.5M, and partailly offset by the decrease in bank charges of RMB 3.3M.

Finance costs increased by approximately RMB 3.4 million or 28.7% from RMB 11.8 million in FY2021 to RMB 15.2 million in FY2022 mainly due to an increase on outstanding bank borrowing and interest recognized with an extension of long-term leasing agreements.

Taking the aforementioned factors into consideration, the Group recorded net profit attributable to equity holders of RMB 48.5 million in FY2022, compared with net profit of RMB 33.0 million in FY2021.

FINANCIAL POSITION AND LIQUIDITY

The Group's financial position continued to remain relatively resilient for FY2022. As at 31 December 2022, non-current assets increased by RMB 34.9 million or 28.9% from RMB 120.8 million as at FY2021 to RMB 155.6 million as at FY2022 mainly due to the acquisition of fixed assets amounting to RMB 56.3 million, partially offset by depreciation of property, plant and equipment of RMB 21.4 million.

Current assets increased by RMB 120.5 million or 22.5% from RMB 536.6 million as at FY2021 to RMB 657.1 million as at FY2022. This is mainly due to the increase on trade and other receivables of RMB 201.2 million and pledged fixed deposit of RMB 74.1 million, partially offset by the decrease inventories of RMB 108.6 million and due from related parties of RMB 40.7 million.

Current liabilities increased by approximately RMB 87.4 million or 21.5% from RMB 406.8 million at FY2021 to RMB 494.2 million at FY2022. This is mainly due to the increase in bank borrowings of RMB 191.2 million, partially offset by the decrease in trade and other payables of RMB 110.5 million.

Non-current liabilities increased by RMB 19.5 million was mainly due to the increase on long-term lease liabilities.

CASH FLOW

As at 31 December 2022, the Group recorded cash and cash equivalents of RMB 131.8 million as at FY2022. The net decrease of RMB 12.1 million from cash and cash equivalents in FY2021 arose from foreign exchange rate changes of RMB 0.07 million on foreign currency cash balances and net cash outflow from operating, investing and financial activities during FY2022 of RMB 12.1 million.

Net cash used in operating activities amounted to RMB 77.2 million mainly due to cash utilized in working capital contributed by profit before tax amounting to RMB 66.7 million and a decrease on inventories of RMB 108.6

million and due from related party of RMB 40.7 million, offset by an increase in trade and other receivables of RMB 202 million and a decrease on trade and other payable of RMB 106 million.

Net cash used in investing activities amounted to RMB 34.3 million was due to purchase of property, plant and equipment and derivative financial instruments.

Net cash generated from financing activities amounted to RMB 99.4 million mainly due to proceeds from bank borrowing of RMB 823.6 million, partially offset by repayment of bank borrowings of RMB 650.7 million and an increase on pledged fixed deposit of RMB 70.8 million.

CORPORATE **SOCIAL RESPONSIBILITY**

The Board strongly believes in creating a sustainable business strategy compatible with its growth. The Board is aware of the importance of corporate social responsibility and the impact of its operations on the environment. Therefore, the Group has continuously sought to minimise the impact of its activities through water, paper and energy conservation. The Board encourages the Company's employees to recycle resources and materials across its operations. In addition, the Board emphasises the need to provide and maintain a safe and healthy work environment for the Company's employees. The Company's employees are further required to observe the Group's internal safety rules and regulations which are communicated to them regularly. The sustainability report is a standalone report and the Company is in the midst of preparing it. Upon its completion, the Company will publish it separately from its Annual Report

FORGING THE **PATH FORWARD**

Whilst market uncertainties and stiff competition cloud the horizon, we retain confidence in our ability to navigate past these challenges and lay the groundwork for continued success. On this road ahead, our venture for new opportunities will also be complemented with our judicious approach to our spending and risk management.

LIANG GUO ZHAN

Executive Chairman

LIANG GUO ZHAN is the founder and Executive Chairman of the Group. As Executive Chairman, he has played a pivotal role in the growth and expansion of our Group. He is currently responsible for the overall management, formulation and implementation of business strategies and investments of our Group. Prior to joining our Group, he was the director and general manager of Chaozhou Huafeng Refining Co., Ltd ("Huafeng Refining"). Prior to establishing Huafeng Refining, he was a director and the general manager of Chaozhou Huafeng (Group) Incorporation Ltd. ("Huafeng Incorporation") from 1997 to 2000, and the general manager of Chaozhou Huafeng (Group) Ltd ("Huafeng Group") from 1994 to 1997. Prior to 1994, he established Chaozhou City Anbu Foreign Investment Services Company in 1992 and a petrol station affiliated to Huafeng Group in Anbu Town, Chaozhou City in 1990.

He obtained a diploma in Business Management from the Beijing Society Academic Institute. He has also completed a corporate strategy and pricing management program conducted by the Cheung Kong Graduate School of Business in January 2005. He is currently the Vice President of Guangdong Oil and Gas Association, President of Chaozhou Gas Industry Association. He was also recognised as one of The world's Top Ten Great Chaozhou Businessman in 2017.

GERALD YEO

Lead Independent Director

GERALD YEO was appointed on 26 April 2012 as Lead Independent Director of our Company. Mr Yeo is Executive Director of W Atelier Logistics Pte Ltd, a warehouse owner and logistics operator in Singapore. He has previously served as independent director in several local and overseas companies. He has been engaged in corporate advisory and private equity work for more than 10 years. He has more than 20 years experience in the banking and finance sector, specialising in international loan syndications and capital markets. He graduated from National University of Singapore with a bachelor degree in Business Administration in 1983.

BOARD OF DIRECTORS

MR LIMJOCO ROSS YU

Independent Director

ROSS YU LIMJOCO was appointed as Independent Non-executive Director of our Company on 22 April 2021.

Mr. Limjoco is the Managing Director of Anchorage Consulting Private Limited and TMS Capital Advisory Ltd as well as Technical Advisor to Shangyew Public Accounting Corporation. He has more than 25 years of commercial and audit experience both domestic and international markets where he led audit engagements in various companies, assisting companies with, inter alia, initial public offering, mergers and acquisitions, financial due diligence, corporate advisory & restructuring and valuation. His professional experience gained includes those from the Big 5 international accounting firms, mid-tier accounting firms and the commercial industry.

Mr Limjoco holds a Bachelor of Science in Business Administration with a major in accountancy from the Philippine School of Business Administration. He is a practising member of Institute of Singapore Chartered Accountant, member of Philippine Institute of Certified Public Accountant, member of Certified Fraud Examiner and International Association of Certified Valuation Specialists. He is a Singapore Chartered Valuer and Appraiser.

ZHANG JINMING

Executive Director

ZHANG JINMING was appointed on 22 April 2021 as Executive Director of our Company. Mr Zhang is currently the Standing Vice General Manager of Chaozhou Ouhua Energy Co., Ltd., our wholly-owned subsidiary in China. Prior to this, he has served various positions such as Engineer, Terminal Manager and General Manager in several other companies. He has more than 20 years of experience in the marine oil and gas industry, particularly in the area of LPG and LNG. Mr Zhang graduated with a bachelor degree in Oil and Gas Storage and Transportation from the China University of Petroleum in 1995. He has also completed a course in Parttime International Trade with the University of International Business and Economics in 2007.

LIANG YALING

Non-Executive and Non-Independent Director

LIANG YALING was appointed as Non Executive Director of our Company on 30 April 2020. She is currently the General Manager of Human Resources Department at Chaozhou Huafeng Group Co. Ltd and has been in this position and other positions since 1999. She founded Hong Kong Huaye International Trade Co. Ltd and served as Chairman from 1996 to 1999. Prior to founding Hong Kong Huaye Inernational Trade Co. Ltd., she worked as General Manager for Chaozhou Anbu Foreign Investment Service Company.

She has been serving as the Vice-President of Chaoan District Young Entrepreneurs Association since 2015 and had previously served as founding director and director of the Guangdong Chamber of Commerce in Singapore from 2014 to 2019. She is also a member of the 9th Chao'an CPPCC. She was awarded the Shantou Professional Managers Association 2018 Annual Special Achievement Award and China's Outstanding Professional Manager (CEO) on the 40th Anniversary of Reform and Opening Up.

XIE JINGYUAN

Chief Financial Officer

XIE JINGYUAN was appointed as the Chief Financial Officer of our Group on 13 May 2019 and is responsible for the financial and accounting aspects of our Group business. Prior to joining our Group, he worked as Internal Auditing Director of Xinhe New Material Co., Ltd from January 2019 to May 2019. From April 2012 to April 2018 he worked as Financial Controller of Magna Fuzhou Automotive Seating Co., Ltd. Prior to that, he was Financial Manager of Fujian Titan Petrochemicals Storage Development Limited from March 2007 to April 2012. Xie Jingyuan is a member of Association of Chartered Certified Accountants and a member of Chinese Institute of Certified Public Accountants. He holds a Master of Business & Administration of Xiamen University.

OUHUA ENERGY - SUMMARY OF SUSTAINABILITY REPORT

The Group is committed to creating a sustainable business strategy compatible with its growth. The Group recognises the importance of corporate social responsibility and the impact of its operations on the environment. As a socially responsible company, the Group strives to create value for all stakeholders and partners while embedding high standards of sustainable operations into its business activities.

Information on the Group's sustainable policies, initiatives, performance and targets can be found in its sustainability report, which is prepared in accordance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Rules 711A and 711B and with reference to the Global Reporting Initiative ("GRI") Standards.

The sustainability report includes information and data regarding the sustainability performance of liquefied petroleum gas ("LPG") business of the Group, covering LPG production, storage and distribution as well as retail chain development and market explore for the financial year ended 31 December 2022 ("FY2022").

Recognising that climate-related risks and opportunities are likely to impact the Group's future business and development, the Group has made its first disclosure of climate-related risk management approach with reference to the Task Force on Climate-related Financial Disclosures ("TCFD") framework in its sustainability report in FY2022. While the Group has reported on climate-related disclosure, such as greenhouse gas ("GHG") emissions, it will continue to develop a risk management framework to strengthen its climate resilience.

In FY2022, the Group conducted a materiality assessment and identified the Group's material topics. The identified material ESG factors are as follows:

Environmental Management	Organisational & Relationship Management	Corporate Governance
• Energy	• Employment	• Anti-corruption
• Water and Effluents	• Diversity and Equal Opportunity	• Compliance
• Emissions	• Training & Education	
• Waste	• Occupational Health & Safety	
• Climate Change	• Forced or Compulsory Labour	
• Biodiversity	• Supplier Social Assessment	
• Supplier Environmental Assessment	• Our Communities	

The sustainability report includes comprehensive qualitative and quantitative disclosures on topics including the Group's sustainability governance structure, stakeholder engagement, materiality assessment, and performance on material issues. The Group will monitor our progress in achieving our sustainability targets, continuously improve our management of key sustainability risks and opportunities, and strive for sustainable growth.

FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

Ouhua Energy Holdings Limited (the "**Company**") was admitted to the Official List of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 3 November 2006. The Company is committed to setting and maintaining a high standard of corporate governance to safeguard the interests of shareholders and enhance shareholders' value.

The Company is committed to complying with the Code of Corporate Governance 2018 (the "**Code**") issued by the Monetary Authority of Singapore. The Company is pleased to confirm that for the financial year ended 31 December 2022 ("**FY2022**"), it has generally adhered to the principles and provisions as set out in the Code, except for certain deviations which are explained below.

1. BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

(i) Apart from its statutory duties and responsibilities, the Board oversees the Management and the affairs of the Group. It focuses on strategies and policies, with particular attention paid to growth and financial performance. It delegates the formulation of business policies and day-to-day management to the Executive Directors.

The principal functions of the Board include the following:

(a) approve the Group's key business strategies and financial objectives of the Company, including the review of annual budgets, major investments/divestments, and funding proposals;

(b) oversee the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;

(c) review management performance;

(d) identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;

(e) set the Company's values and standards, and ensure that obligations to shareholders and others are understood and met; and

(f) consider sustainability issues (for example, environmental and social factors) in the formulation of its strategies.

(ii) The Directors are fiduciaries who act objectively in the best interests of the Company and hold the Management of the Company accountable for performance by the implementation of a code of conduct and ethics which sets the appropriate tone-from-the-top, desired culture of the Company and ensures proper accountability within the Company.

(iii) The Directors who are facing conflicts of interest will recuse themselves from discussions and decisions involving the issues of conflict.

Matters Requiring Board Approval

(iv) The Directors have set out internal guidelines on matters and the type of material transactions that require Board approval. The Board meets at least two (2) times a year to review and deliberate on the key activities and business strategies of the Group, including reviewing and approving internal guidelines on materiality of transactions, acquisitions, financial performance, and to endorse the release of the half-year and full-year financial results. Additional meetings of the Board may be held to address significant transactions or issues. The Company's Bye-Laws allow a Board meeting to be conducted by means of telephone, electronic or other communication facilities.

Frequency of Meetings

(v) The Directors attend and actively participate in Board and Board Committee meetings. The Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.

(vi) The number of Board and Board Committee meetings held and the attendance of each Director at every Board and Board Committee meeting held during FY2022 is set out below:-

	Board		AC		NC		RC	
	Number	Attended	Number	Attended	Number	Attended	Number	Attended
Mr Liang Guo Zhan	2	2	3	2*	1	1*	1	1*
Mr Gerald Yeo @ Yeo Ah Khe	2	2	3	3	1	1	1	1
Mr Zhang Jinming	2	2	3	2*	1	1*	1	1*
Mr Limjoco Ross Yu	2	2	3	3	1	1	1	1
Ms Liang Yaling	2	2	3	3	1	1	1	1

** By invitation*

(vii) The Directors are consistently provided with complete, adequate and timely information prior to meetings to allow the Directors to make informed decisions and to discharge their duties and responsibilities. The Directors are also periodically briefed on the performance and developments in respect of the Group.

(viii) As a general rule, notices are sent to the Directors at least one week in advance of the Board meetings, followed by the Board papers in order for the Directors to be adequately prepared for the meetings. Key management personnel attend the Board meetings to address queries from the Directors.

(ix) The Directors have unrestricted access to the Company's key management personnel, and may also request for further explanations, briefings or informal discussions on any aspects of the Group's operations or business issues from the Management. Requests for the Company's information by the Board are dealt with promptly.

Professional Advisers

(x) The Board (whether as individual members or as a group) has direct access to independent professional advisers, where so requested by them in the furtherance of their duties, at the expenses of the Company.

Training for the Directors

(xi) The Company is responsible for arranging and funding the training of the Directors. Every Executive Director receives appropriate training to develop individual skills in order to discharge his or her duties. The Group also provides extensive information about its history, mission and values to the Directors. Where necessary, the Directors will be updated regarding new legislation, regulations and risks which are relevant to the Group. Where appropriate, the Company will arrange for the Directors to attend seminars to obtain updates on business and regulatory changes relevant to the Group.

(xii) The Directors understand the Company's business as well their directorship duties (including their roles as executive, non-executive and independent directors).

(xiii) The Directors with no prior experience as a Director of a listed company is required to undergo training in the roles and responsibilities of a listed company Director unless the Nominating Committee is of the view that the Director has other relevant experience.

(xiv) The Board ensures that incoming newly-appointed Directors will be given an orientation on the Group's business strategies and operations and governance practices to facilitate the effective discharge of their duties. Newly-appointed Directors will also be provided with a formal letter setting out their duties and obligations.

Board Committees

(xv) The Board discharges its responsibilities either directly or indirectly through various Board committees. These committees (the "**Board Committees**") include the Nominating Committee (the "**NC**"), Remuneration Committee (the "**RC**") and Audit Committee (the "**AC**"). Each of the Board Committees functions within its terms of reference. Authority to make decisions on certain Board matters is delegated by the Board to the Board Committees as described below.

2. BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

Independent Directors and Non-Executive Directors

(i) As of the date of this Report, the Board comprises five (5) members. Save for the Executive Chairman, Mr Liang Guo Zhan and the Executive Director, Mr Zhang Jinming, the rest of the Board are non-executive, and Mr Gerald Yeo @ Yeo Ah Khe and Mr Limjoco Ross Yu are independent of the Management:

Mr Liang Guo Zhan	Executive Chairman and Chief Executive Officer ("**CEO**")
Mr Zhang Jinming	Executive Director
Mr Gerald Yeo @ Yeo Ah Khe	Non-Executive and Lead Independent Director
Mr Limjoco Ross Yu	Non-Executive and Independent Director
Ms Liang Yaling	Non-Executive Director

(ii) The Company endeavours to maintain a strong and independent element on the Board. The NC adopts the Code's definition of what constitutes an Independent Director. The NC and the Board consider an Independent Director as one who is independent in conduct, character and judgment, and has no relationship with the Company, its related corporations, its officers or its substantial shareholders with shareholdings of 5% or more in the voting shares (excluding treasury shares) of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment in the best interests of the Company. All the Board Committee meetings are chaired by the Independent Directors. There are two (2) Independent Directors on the Board. Whilst the prevailing applicable principle of the Code would be that majority of the Board comprise Independent Directors, since the Executive Chairman, Mr Liang Guo Zhan, and the CEO is the same person, the Board is satisfied that the Principle that there be a strong and independent element is still adhered to. This is because all the Board Committee meetings are chaired by the Independent Directors, and the majority of the Board comprise of Non-Executive Directors who have been consistently proven to be exercising independent business judgement in the best interests of the Company. The Non-Executive Director and/or Independent Director, when necessary led by the Lead Independent Director, will have discussions amongst themselves without the presence of the Management and provide feedback to the Board and/or Chairman as appropriate.

(iii) The current Board comprises five (5) members, with two (2) out of five (5) being Independent Directors, from different backgrounds whose core competencies, qualifications, skills and experiences, meet with the requirements of the Group. In recognition of the importance and value of gender diversity in the composition of the Board, the Board has a female director, representing 20% of the total Board membership. Ms Liang Yaling has been a member of the Board since 30 April 2020. In addition, the Board consists of Directors of different ages ranging from more than 50 years old to more than 70 years old, to allow for a more diversified contribution to the Board. Taking the foregoing as well as the scope and nature of the operations of the Company into consideration, the Board is of the view that the Directors, on the whole, have an appropriate balance and mix of skills, knowledge, experience, age, gender and diversity of thoughts so as to foster constructive debate with a high level of independent thinking. Hence, the Board believes that the existing composition of the Board effectively serve the Group and that the Board has the appropriate level of balance and mix to enable it to avoid groupthink and have constructive discussions in the best interests of the Company, consistent with the intent of the Principle of the Code.

(iv) Each of the Independent Directors has confirmed that he does not have any relationship with the Company or its related corporations, its officers or its shareholders with shareholdings of 10% or more in the voting shares of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment. The NC has reviewed and determined that the said Directors are independent. The independence of each Director has been and will be reviewed annually by the NC based on the provisions set forth in the Code.

(v) Mr Limjoco Ross Yu, our Independent Director, who was first appointed on 22 April 2021, would have served on the Board beyond two (2) years from the date of his first appointment by 22 April 2023. The Board, with the concurrence of the NC, has rigorously reviewed his independence and considered the need for progressive refreshing of the Board, his working experience and contributions. The Board is satisfied that he is independent in character and judgement, and found no reason to understand that the length of his service has in any way dimmed his independence. Given his wealth of business, working experience and professionalism in carrying out his duties, the NC had found Mr Limjoco Ross Yu suitable to continue to act as an Independent Director. The Board has accepted the NC's recommendation that Mr Limjoco Ross Yu is considered independent.

(vi) Mr Gerald Yeo @ Yeo Ah Khe, our Lead Independent Director, who was first appointed on 26 April 2012 would have served on the Board beyond eleven (11) years from the date of his first appointment by 26 April 2023. The Board, with the concurrence of the NC, has rigorously reviewed his independence and considered the need for progressive refreshing of the Board, his working experience and contributions. The Board is satisfied that he is independent in character and judgement, and found no reason to understand that the length of his service has in any way dimmed his independence. Given his wealth of business, working experience and professionalism in carrying out his duties, the NC had found Mr Yeo suitable to continue to act as an Independent Director. The Board has accepted the NC's recommendation that Mr Yeo is considered independent.

(vii) On 11 January 2023, the Singapore Exchange Regulation ("SGX RegCo") announced that it will impose a hard tenure limit of nine (9) years for independent directors serving on the boards of issuers listed on the SGX-ST, beyond which such directors will no longer be considered independent. However, the SGX RegCo has established transitional arrangements and will implement the nine-year limit at issuers' AGMs for the financial year ending on or after 31 December 2023. The transitional arrangements will apply between 11 January 2023 and the date of the issuer's AGM for the financial year ending on or after 31 December 2023. As such, during the aforesaid transitional period, directors whose tenure exceeds the nine-year limit may continue to be deemed independent until the conclusion of the next AGM of the issuer for the financial year ending on or after 31 December 2023. Accordingly, Mr. Gerald Yeo @ Yeo Ah Khe who was first appointed on 26 April 2012 would have served on the Board for an aggregate of more than nine (9) years since his first appointment as an Independent Director of the Company, and Mr Yeo may continue to be deemed independent until the conclusion of the Company's next AGM at which Mr Yeo must either step down or be redesignated as non-independent no later than the Company's AGM held in April 2024.

(viii) Both the NC and the Board are of the view that Mr Gerald Yeo @ Yeo Ah Khe and Mr Limjoco Ross Yu are independent and that there are no individuals or small groups of individuals who dominate the Board's decision-making process. Both Mr Yeo and Mr Yu have abstained from deliberating on their respective independence.

Board Size

(ix) The Board periodically examines its size to ensure that it is of an appropriate number for effective decision-making. The Board is of the view that a Board size of five (5) members is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Company.

(x) The NC is of the view that no individual or small group of individuals dominate the Board's decision-making process.

Competencies of the Directors

(xi) The NC recommends all appointments and retirements of directors. The NC is of the view that the current Board and Board Committees' composition reflects the broad range of experience, skills, knowledge and other diversity such as gender and age necessary to avoid groupthink and to foster constructive debate. The NC and the Board are both of the view that the current Board and Board Committees comprise persons whose diverse skills, experience and attributes provides for an effective Board. The profiles of each Director, which include their qualifications and experiences, are set out in this Annual Report. Particulars of interests of the Directors who held office at the end of FY2022 in shares in the Company and in related corporations (other than wholly-owned subsidiaries) are set out in the Directors' Report.

(xii) The Independent Directors will constructively challenge and assist in the development of proposals on strategy, and assist the Board and Board Committees in reviewing the performance of the Management in meeting agreed goals and objectives, and monitor the reporting of performance. When necessary, the Independent Directors will have discussions amongst themselves without the presence of the Management.

3. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

(i) The Company has not created separate positions of Chairman and CEO as the Board is of the view that there are adequate measures in place against an uneven concentration of power and authority in one individual. The roles for both Chairman and CEO of the Company are assumed by Mr Liang Guo Zhan. As such, Mr Liang bears executive responsibility for the Group's business as well as responsibility for the workings of the Board and ensures that procedures are introduced to comply with the Code.

(ii) Although the roles and responsibilities for Chairman and CEO are vested in Mr Liang, major decisions are made in consultation with the Board which comprises a majority of Independent and Non-Executive Directors. Mr Liang's performance and appointment to the Board will be reviewed periodically by the NC and his remuneration package will be reviewed periodically by the RC. The majority of both the NC and the RC comprise only the Independent Directors. The Board believes that there are adequate measures in place against an uneven concentration of power and authority in one individual, including but not limited to the appointment of a Lead Independent Director as elaborated below, in line with the Code's requirements.

(iii) In view of the above and in line with the Code, Mr Gerald Yeo @ Yeo Ah Khe has been appointed as the Lead independent Director by the Company to enhance the independence of the Board and to assist the Chairman in the discharge of his duties when the need arises. As the Lead Independent Director, he is the contact person for shareholders in situations where there are concerns or issues which communication with the Chairman, CEO or Chief Financial Officer ("**CFO**") of the Group has failed to resolve or where such communication is inappropriate. When necessary, the Independent Directors will have discussions amongst themselves as led by the Lead Independent Director.

4. BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Establishment, Composition and Membership of the NC

(i) At the date of this Report, the NC comprises two (2) Non-Executive and Independent Directors and one (1) Non-Executive Director, hence fulfilling the requirement that the NC be made up of at least three (3) Directors, the majority of whom, including the NC chairman, are Independent Directors. The NC is chaired by Mr Limjoco Ross Yu. The other members are Mr Gerald Yeo @ Yeo Ah Khe and Ms Liang Yaling. The Lead Independent Director is a member of the NC. The chairman of the NC is not associated in any way with the substantial shareholders of the Company. The NC meets at least once each year and at other times as required.

(ii) The membership of the NC as at the date of this Report is as follows:

Chairman:	Limjoco Ross Yu	(Independent Director)
Members:	Gerald Yeo @ Yeo Ah Khe	(Lead Independent Director)
	Liang Yaling	(Non-Executive Director)

Responsibilities of the NC

(iii) The NC is regulated by its Terms of Reference that set out its following responsibilities of its members:

(a) making recommendations on all Board appointments and re-nominations, having regard to the Director's contribution and performance;

(b) ensuring that all Directors submit themselves for re-nomination and re-election at regular intervals and at least once every three (3) years;

(c) reviewing the independence of the Directors;

(d) reviewing the adequacy of each Director's contribution at meetings and his ability and capacity in carrying out the duties as a Director, in particular, where the Director concerned has multiple board representations;

(e) deciding on how the Board's performance may be evaluated, and to propose objective performance criteria for assessing the effectiveness of the Board as a whole, its Board committees, and the contribution by each Director to the effectiveness of the Board;

(f) reviewing the board succession plans for Directors;

(g) ensuring that new Directors are aware of their duties and obligations;

(h) reviewing the training and professional development programmes for the Board and its Directors; and

(i) carrying out such other duties as may be agreed to by the RC and the Board.

(iv) Pursuant to the Company's Bye-Laws, all Directors are required to retire and subject themselves to re-election by shareholders at an AGM at least once every three (3) years.

(v) The NC oversees the Board succession and determines the criteria for the appointment of new Directors and sets up a process for the selection and appointment of such Directors, taking into consideration the professional qualifications, expertise and experience of each candidate. In particular, the NC would consider each candidate's knowledge of the Chinese culture, China economy, doing business in China, oil and gas industry, environment and familiarity with corporate governance matters, as well as each candidate's ability to commit to their role as a Director. In particular, the NC seeks to identify any gaps in the Board's skills set taking into account the Group's strategy and business operations.

(vi) The NC determines on an annual basis, and as and when circumstances require, whether or not a Director is independent, for the purposes of the Code. The NC is of the view that Mr Gerald Yeo @ Yeo Ah Khe and Mr Limjoco Ross Yu are independent.

(vii) In assessing the performance of each individual Director, the NC considers whether he has multiple board representations and other principal commitments, and is able to and has adequately carried out his duties as a Director notwithstanding such commitments. The NC is satisfied that sufficient time and attention to the affairs of the Company has been given by those Directors who have multiple board representations.

(viii) To address the competing time commitments that are faced when Directors serve on multiple boards, the NC has reviewed and the Board has determined and set that as a general rule, the maximum number of listed company board appointments be not more than five (5) companies. However, any Directors may hold more than five (5) listed company board representations should the NC be satisfied and is of the view that such Directors are able to devote sufficient time and attention to the affairs of the Company after taking into account of their individual circumstances, contributions, responsibilities and other principal commitments. Non-Executive Directors may consult the Chairman of the NC before accepting any appointments as Directors. Currently, none of the Directors holds more than five (5) directorships in listed companies.

(ix) The dates of initial appointment and last re-election of each Director, together with their directorships in other listed companies subsisting in FY2022 and the last three (3) preceding years are set out below:

Name	Date of initial appointment	Date of last re-election	Present directorships in other listed companies	Past directorships in other listed companies in preceding three (3) years	Current Principal Commitments
Liang Guo Zhan	11 January 2006	22 April 2021	-	-	-
Zhang Jinming	22 April 2021	-	-	-	-
Gerald Yeo @ Yeo Ah Khe	26 April 2012	22 April 2021	-	-	-

Name	Date of initial appointment	Date of last re-election	Present directorships in other listed companies	Past directorships in other listed companies in preceding three (3) years	Current Principal Commitments
Limjoco Ross Yu	22 April 2021	6 June 2022	• Sen Yue Holdings Limited	• CFM Holdings Limited • MH Development Limited • China Supply Chain Holdings Limited	-
Liang Yaling	30 April 2020	6 June 2022	-	-	-

Mr Liang Guo Zhan and Mr Zhang Jinming will retire at the Company's forthcoming AGM and will be eligible for and attend to re-election.

(x) Key information on the individual Directors and their shareholdings in the Company are set out in this Annual Report under the heading "Board of Directors".

5. BOARD PERFORMANCE

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of the Board Committees and individual Directors.

Formal Assessment of the Effectiveness of the Board and Contributions of Each Director

(i) The NC has implemented a process for the assessment of the effectiveness of the Board and Board Committees as a whole and the contribution by each Director to the effectiveness of the Board. In this respect, the NC shall propose an objective performance criterion which shall be approved by the Board. Such performance criteria should include comparison with industry peers, address how the Board has enhanced long term shareholders' value, and consider the Company's share price performance over a five (5) year period vis-à-vis the Singapore Straits Times Index and a benchmark index of its industry peers. Other objective performance criteria that may be used include quantitative factors such as return on assets, return on equity, return on investment, economic value added and profitability on capital employed. These performance criteria should not be changed from year to year and where circumstances deem it necessary for any of the criteria to be changed, the onus should be on the Board to justify such changes.

(ii) The individual performance criteria include qualitative and quantitative factors such as performance of principal functions and fiduciary duties, level of participation at meetings and attendance record. The individual performance criteria has not been changed since the last financial year.

(iii) The NC has assessed the current Board's and Board Committees' performance to-date and responsibilities and the conduct of its affairs as a whole for the financial year and is of the view that the performance of each Director, the Board and Board Committees as a whole was satisfactory. Although some of the Board members have multiple board representations, the NC is satisfied that sufficient time and attention has been given by the Directors to the Group.

6. REMUNERATION MATTERS

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration and for fixing the remuneration packages of individual Directors and key management personnel. No Director is involved in deciding his or her own remuneration.

Establishment, Composition and Membership of the RC

(i) The Company has established the RC, which makes recommendations to the Board on the framework of remuneration and the specific remuneration packages for each Director, the CEO and key management personnel. As the date of this Report, the RC comprises two (2) Non-Executive and Independent Directors and one (1) Non-Executive Director. The majority of the RC, including the RC chairman, are independent. The RC is chaired by Mr Limjoco Ross Yu. The other members are Mr Gerald Yeo @ Yeo Ah Khe and Ms Liang Yaling. The RC meets at least once each year and at other times as required.

(ii) The membership of the RC as at the date of this report is as follows:

Chairman:	Limjoco Ross Yu	(Independent Director)
Members:	Gerald Yeo @ Yeo Ah Khe	(Lead Independent Director)
	Liang Yaling	(Non-Executive Director)

(iii) The RC is regulated by its Terms of Reference that sets out its following responsibilities:

(a) recommending to the Board a framework of remuneration for the Board and the key management personnel of the Group;

(b) determining the specific remuneration package for each Executive Director as well as for the key management personnel, covering all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives, awards and benefits in kind. In setting remuneration packages, the RC shall be aware of pay and employment conditions within the industry and in comparable companies. The remuneration packages should take into account the Company's relative performance and the performance of individual Directors. The remuneration of Non-Executive Directors should be appropriate to the level of contribution, taking into account factors such as effort and time spent, and the responsibilities of the Directors. Non-Executive Directors should not be over-compensated to the extent that their independence may be compromised;

(c) reviewing the level and structure of the remuneration to align with the long-term interest and risk policies of the Company in order to attract, retain and motivate the Directors and key management personnel;

(d) in the case of service contracts of Directors, reviewing and recommending to the Board the terms of renewal of the service contracts. There shall be a fixed appointment period for all Directors after which they are subject to re-election. The service contracts should not be excessively long or with onerous removal clauses. The RC shall consider what compensation commitments the Directors' contracts of service, if any, would entail in the event of early termination. The RC shall aim to be fair and avoid rewarding poor performers;

(e) submitting recommendations for endorsement by the entire Board;

(f) considering the various disclosure requirements for Directors' and key executives' remuneration, particularly those required by regulatory bodies such as the SGX-ST, and ensuring that there is adequate disclosure in the financial statements to ensure and enhance transparency between the Company and relevant interested parties;

(g) reviewing the Company's obligations arising in the event of termination of the employment of Directors and key management personnel; and

(h) carrying out such other duties as may be agreed to by the RC and the Board.

(iv) Each member of the RC shall abstain from voting on any resolution concerning his own remuneration.

(v) The RC may have access to expert advice regarding executive compensation matters, if required.

7. LEVEL AND MIX OF REMUNERATION

***Principle 7**: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.*

(i) The remuneration policy for Executive Directors and key management personnel comprises a fixed component and a variable component. The fixed and variable components are in the form of a base salary and variable bonus that is linked to the performance of the Company and the individual. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the Company.

(ii) Non-Executive Directors do not have service agreements with the Company. They are each paid a Directors' fee which is determined by the Board and RC based on the effort and time spent as well as responsibilities as member of the AC, NC and RC. The fees are subject to approval by the shareholders at each AGM. Except as disclosed, the Non-Executive Directors do not receive any remuneration from the Company.

(iii) According to the respective service agreements of the Executive Directors:-

(a) the service agreement for the Executive Chairman is valid for an initial period of three (3) years commencing from 3 November 2006 and shall be automatically renewed on a year-to-year basis;

(b) the service agreement for Executive Director shall be automatically renewed on a year-to-year basis;

(c) the remuneration of the Executive Directors includes a fixed salary and a variable performance related bonus which is designed to align their interests with those of the shareholders;

(d) the service agreement may be terminated by either the Company or the Executive Director giving not less than six (6) months' notice in writing.

(iv) All revisions to the remuneration packages for the Directors and key management personnel are subject to review by and approval of the Board and are appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and key management personnel to successfully manage the company for the long term.

8. DISCLOSURE ON REMUNERATION

***Principle 8**: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.*

Directors' Remuneration

(i) The RC recommends to the Board a framework of remuneration for the Board and key management personnel to ensure that the structure is competitive and sufficient to attract, retain and motivate key management personnel to run the Company successfully in order to maximise shareholders' value. The recommendations of the RC on the remuneration of the Directors and key management will be submitted for endorsement by the Board. The members of the RC do not participate in any decisions concerning their own remuneration.

(ii) A breakdown showing the level and mix of the remuneration of each individual Director and key management personnel in FY2022 is as follows:

Remuneration Band	Base/fixed salary	Variable or performance related income/bonuses	Director's fees	Other benefits
Below S$250,000				
Directors				
Mr Liang Guo Zhan	75%	25%	-	-
Mr Zhang Jinming	75%	25%	-	-
Mr Limjoco Ross Yu	-	-	100%	-
Mr Gerald Yeo @ Yeo Ah Khe	-	-	100%	-
Ms Liang Yaling	-	-	100%	-
Key Management Personnel				
Mr Fang Shilai	75%	25%	-	-
Mr Xie Jing Yuan	75%	25%	-	-
Mr Huang Shenle	75%	25%	-	-
Ms Lin Jinjin	75%	25%	-	-
Mr Zhou Xiaofeng	75%	25%	-	-

Directors' fees are subject to the approval of the shareholders at the forthcoming AGM.

(iii) The Company has not disclosed the exact details of the remuneration of each individual Director or key management personnel as it is not in the best interests of the Company and employees to disclose such details due to the sensitive nature of such information.

(ii) In considering the disclosure of remuneration of the five (5) key management personnel of the Company, the Company considered the overall quantum received by each individual executive as well as the confidential nature of the key management personnel's remuneration and believes that a full disclosure as recommended by the Code would be prejudicial to the Company's interest. The annual aggregate remuneration paid to these five (5) key management personnel of the Company (who are not Directors or the CEO) for FY2022 is RMB 2,458,253.88.

(v) The Group does not have any employees who are substantial shareholders of the Company, or are immediate family members of a Director, the CEO or a substantial shareholder of the Company and whose remuneration exceeded S$100,000 during FY2022.

(vi) The Company has not adopted any employee share scheme.

9. RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls to safeguard the interests of the Company and its shareholders.

(i) The Board and the AC acknowledge that the Board is responsible for the governance of risk and sets the tone and direction for the Group in the way risks are managed in the Group's business. The Board has ultimate responsibility for approving the strategy of the Group in a manner which addresses stakeholders' expectations and does not expose the Group to an unacceptable level of risk.

(ii) The Board acknowledges that no cost-effective internal control system will preclude all errors and irregularities. However, such a system is designed to manage rather than completely eliminate the risk of failure to achieve business objectives, and can provide only reasonable, and not absolute, assurance against material misstatement, losses or fraud.

(iii) The Board approves, and reviews at least on an annual basis, the key risk management policies and ensures a sound system of risk management and internal controls and monitors performance against them. In addition to determining the approach to risk governance, the Board sets and instils the right risk-focused culture throughout the Group for effective risk governance.

(iv) The AC is responsible for overseeing risk governance and the related roles and responsibilities of the AC on risk governance include:

(a) proposing the risk governance and risk policies for the Group to the Board;

(b) reviewing the risk management methodology adopted by the Group;

(c) reviewing the strategic, financial, operational, regulatory, compliance, information technology and other emerging risks relevant to the Group identified by Management; and

(d) reviewing Management's assessment of risks and Management's action plans to mitigate such risks.

(v) Based on the discussions with the auditors and the Management's responses to the auditors' recommendations for improvements to the Group's internal controls, the AC and the Board opines that the Group's internal and operational controls established and maintained by the Group, work performed by the external and internal auditors and reviews performed by Management, the Board and Board Committees, and internal controls including financial, operational, compliance and information technology controls, were adequate and effective for FY2022 to address material financial, operational and compliance risks to meet the needs of the Group in their current business environment and scope of operations.

(vi) The Board notes that the system of internal controls and risk management established by the Company provides reasonable, but not absolute, assurance that our Company will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

(vii) The CEO and the CFO have provided assurance to the Board that:

(a) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(b) the Company's risk management and internal control systems are adequate and effective.

(viii) To further enhance the internal controls of the Company, the Board has engaged audit professionals to assist in:

(a) setting out a scope of review to review the Company's risk assessment processes;

(b) establishing the internal control framework (Enterprise Risk Management); and

(c) monitoring of the adequacy and effectiveness of the Company's internal control process via Control Self-Assessment.

10. AUDIT COMMITTEE

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

Establishment, Composition and Membership of the AC

(i) As the date of this Report, the AC of the Company comprises two (2) Non-Executive and Independent Directors and one (1) Non-Executive Director. The majority of the AC, including the AC chairman, are independent. The AC is chaired by Mr Gerald Yeo @ Yeo Ah Khe. The other members are Mr Limjoco Ross Yu and Ms Liang Yaling. The AC meets at least two (2) times a year, or more if the circumstances call for it. At least two (2) members, including the AC chairman, have recent and relevant accounting or related financial management expertise or experience.

(ii) The AC does not comprise former partners or directors of the Company's existing auditing firm: (a) within a period of two (2) years commencing on the date of their ceasing to be partner or director of the auditing firm; and in any case (b) for as long as they have any financial interest in the auditing firm.

(iii) The membership of the AC as at the date of this Report is as follows:

Chairman:	Gerald Yeo @ Yeo Ah Khe	(Lead Independent Director)
Members:	Limjoco Ross Yu	(Independent Director)
	Liang Yaling	(Non-Executive Director)

Responsibilities of the AC

(iv) The AC is regulated by its Terms of Reference that set out the following responsibilities of its members :

(a) reviewing with external auditors the audit plan, their evaluation of the system of internal accounting controls, their audit report and their management letter and Management's response;

(b) reviewing the nature and extent of non-audit services by the external auditors, when necessary and to seek a balance in maintenance of objectivity;

(c) reviewing significant reporting issues and judgments to ensure the integrity of financial statements and any formal announcements relating to the Company's financial statement;

(d) reviewing the assurance from the CEO and the CFO on the financial records and financial statements;

(e) reviewing and reporting to the Board at least annually the adequacy and effectiveness of the company's internal controls and risk management systems, including financial, operational, compliance and information technology controls established by the Management;

(f) to review and ratify all interested person transactions, if any, to ensure that they comply with the approval internal control procedures and have been conducted on an arm's length basis;

(g) reviewing the adequacy, effectiveness, independence, scope and results of the company's external and internal audit function of the Group and its cost effectiveness, and the independence and objectivity of the external auditors;

(h) reviewing the Group's financial statements, the accompanying statements and the announcements before submission to the Board for approval so as to ensure the integrity of information to be released;

(i) reviewing significant findings of internal investigations;

(j) recommending to the Board the annual appointment/re-appointment of the external auditors and the remuneration and terms of engagement of the external auditors;

(k) meeting with the internal auditors and external auditors without the presence of the Management at least once a year;

(l) reviewing interested person transactions; and

(m) performing other functions as required by law or the Code.

(v) The profile of the AC members is set out under this Annual Report. The Board considers that the members of the AC are qualified to discharge the responsibilities of the AC.

Summary of the AC's Activities

(vi) The AC has adopted written terms of reference defining its membership, administration and duties.

(vii) The AC has explicit authority to investigate any matter within its terms of reference and is authorised to obtain independent professional advice. It has full access to and co-operation of the Management. The AC has full discretion to invite any Director or key executive to attend its meetings, as well as reasonable resources to enable it to discharge its functions properly.

(viii) The AC will annually review, *inter alia*, the independence and objectivity of the external auditors, taking into consideration the nature and extent of any non-audit services provided to the Company by the external auditors.

(ix) The AC met three (3) times during the year under review. Details of the members' attendance at the meetings are set out above. The CFO, Company Secretary, internal auditors and external auditors are invited to these meetings. Other members of senior management are also invited as appropriate.

(x) The AC reviewed the half-yearly and full year announcements, material announcements and all related disclosures to the shareholders before submission to the Board for approval. In the process, the AC reviewed the audit plan and audit committee report presented by the external auditors.

(xi) The AC also reviewed the annual financial statements and discussed with the Management, the CFO and the external auditors the significant accounting policies, judgment and estimate applied by the Management in preparing the annual financial statements. Following the review and discussions, the AC then recommended to the Board for approval of the audited annual financial statements.

(xii) The aggregate amount of audit fees paid to the external auditors and other independent auditors in FY2022 was approximately S$ 171,000. The Board of Directors and the AC are satisfied that the appointment of different auditing firms would not compromise the standard and effectiveness of the audit of the Group. The Group confirms that it has complied with Rule 712 and Rule 715 of the SGX-ST Listing Manual in relation to its auditing firms.

(xiii) The AC has reviewed arrangements by which the employees of the Company may, in confidence, raise concerns (such as possible improprieties in matters of financial reporting or other matters), with the object of ensuring that arrangements are in place for the independent investigation of such matters for appropriate follow-up action. In this regard, the AC had since adopted a whistle-blowing policy with effect from 12 April 2022 (the "Whistle-Blowing Policy"). The AC oversees the administration of the Whistle-Blowing Policy. Periodic reports will be submitted to the AC stating the number and the complaints received, the results of the investigations, follow-up actions and unresolved complaints.

(xiv) The external auditors provided regular updates and periodic briefings to the AC on changes or amendments to accounting standards to enable the members of the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any.

(xv) Specifically for the purposes of compliance with the Audit Committee Guide by the Singapore Institute of Directors which covers key concepts, principles and approaches relating to the duties and responsibilities of audit committees of SGX-ST listed companies, and leading practices for the same, the AC adopts the following practices:

(a) The AC ensures that each member understands all sections of the external auditors' report and assesses the impact, if any, on the Company. The AC specifically reviews drafts of such a report prior to its publication as set out in this Annual Report under the heading "Independent Auditors' Report", ensuring no inconsistencies between the report and its own reviews of the same.

(b) The AC ensures that its members understand the external auditors' rationale for the selection of the key audit matters highlighted within the external auditors' report, and provides a commentary to communicate its independent views to the shareholders as set out below:

i. Revenue Recognition

In light of the significant increase in the average price of liquified petroleum gas in FY2022, the AC has engaged the Management over the 30% increase in Revenue and is satisfied with the actions taken by the Management to cope with the market volatility and maintain market share and profitability. The AC has also reviewed the external auditors' procedures, analysis, tests and inspect results in relation to Revenue Recognition and is satisfied with their detailed process and steps taken for Revenue Recognition.

ii. Existence of Cash and Bank Balance and Pledged Fixed Deposits

The AC has also engaged the Management over the substantial increase in Cash and Bank Balance and Pledged Fixed Deposits in FY2022 and is satisfied with the measures taken to maintain cashflow and compete for opportunities during the COVID-19 pandemic. The AC has also reviewed and is satisfied with the external auditors' methods, procedures and steps taken in the course of their audit.

Internal Audit

(i) The Board recognises the importance of maintaining a system of internal controls to safeguard the shareholders' investments and the Company's assets. The objective of the internal audit function is to provide an independent review of the effectiveness of the Group's internal controls and provide reasonable assurance to the AC and the management that the Group's risk management, controls and governance processes are adequate and effective.

(ii) The Company has appointed internal auditors to perform the review and test of controls of the Group's processes including the review of interested person transactions. The Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors are used as a reference and guide by the Company's internal auditors.

(iii) The AC annually reviews the adequacy of the internal auditors to ensure that the internal audits are performed effectively. The AC is satisfied that the internal auditors are staffed by qualified and experienced personnel.

(iv) The internal auditors report directly to the Chairman of the AC, and meets with the AC at least twice a year for internal audit planning and reporting. The internal auditors have unfettered access to all the Company's documents, records, properties and personnel, including the AC, and has appropriate standing within the Company.

(v) The AC reviews and approves the annual internal audit plans and reviews the scope and results of the internal audit performed by the internal auditors at least twice a year to ensure that there is sufficient coverage of the Group's activities It also oversees the implementation of the internal audit plan and ensures that Management provides the necessary co-operation to enable the internal auditors to perform its function.

11. SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

***Principle 11**: **The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects**.*

Principle 12**: **The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

(i) In compliance with the prevailing rules of the SGX-ST Listing Manual, all resolutions will be voted on by way of poll at general meetings held on and after 1 August 2015. This will entail shareholders being invited to vote on each of the resolutions by poll, using polling slips (instead of voting by hands), thereby allowing all shareholders present or represented at the meeting to vote on a one share, one vote basis. The voting results of all votes cast for, or against, each resolution will then be screened at the meeting and announced to the SGX-ST after the meeting.

(ii) The Company regards its AGM as an opportunity to communicate directly with shareholders and therefore encourages greater shareholder participation, whether in person or by proxy. The CEO and other Directors attend the AGM and are available to answer questions and address concerns from shareholders.

(iii) The Board acknowledges that the release of timely and relevant information is crucial for good corporate governance as it is required for shareholders to make informed decisions in respect of their investments in the Company. The Company thus ensures that it informs shareholders of changes in the Company or its business which would be likely to materially affect the price or value of the Company's shares, by ensuring that all such material information is accurately disclosed in a timely manner on the SGXNet system.

(iv) The Company puts in place corporate governance practices to promote the fair and equitable treatment of all of its shareholders. The Company ensures that rules in respect of general meetings of shareholders are available to all shareholders, including the voting procedures that govern the general meetings of shareholders. It also ensures that shareholders are entitled to attend the general meetings of shareholders and have the opportunity to participate effectively in and vote at such meetings.

(v) The Company is active in promoting regular, effective and fair communication with its shareholders.

(vi) The Group's CEO and the Independent Directors are entrusted with the responsibility of facilitating communications with its shareholders and analysts and attending to their queries or concerns.

(vii) The Board is mindful of its obligations to keep shareholders informed of all major developments that affect the Group in accordance with the SGX-ST Listing Manual.

(viii) Information is communicated to shareholders on a timely basis through:

- (a) annual reports that are prepared and issued to all shareholders within the mandatory period. Non-shareholders may access the SGX website for copies of the Company's annual reports;
- (b) half-yearly and full yearly announcements of, and press briefings on, its financial statements via SGXNet;
- (c) other announcements via SGXNet;
- (d) media releases on major developments regarding the Company; and
- (e) notices of AGMs.

(ix) At AGMs, shareholders will be given the opportunity to air their views and ask Directors or Management questions regarding the Company. Shareholders will be encouraged to attend the AGMs to ensure a high level of accountability and to stay informed of the Group's strategies and goals. The AGM is the principal forum for dialogue with shareholders. The Board supports the Code's principle to encourage shareholders' participation. The Bye-Laws allow a shareholder of the Company to appoint up to two (2) proxies to attend the AGM and vote in place of the shareholder. The Company publishes minutes of the AGM on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the AGM, and responses from the Board and Management.

(x) Resolutions are as far as possible, structured separately and may be voted upon independently. Resolutions are passed at general meetings by hand and by poll, if required.

(xi) The members of the AC, NC and RC will be present at the AGM to address the queries relating to the work of these Board Committees. The external auditors will also be present to assist the Directors in addressing any queries about the conduct of audit and the preparation and content of the auditors' report posed by the shareholders.

(xii) While acknowledging that voting by poll is integral in the enhancement of corporate governance, the Company is concerned over the cost effectiveness and efficiency of the polling procedures which may be logistically and administratively burdensome. Electronic polling may be efficient in terms of speed but may not be cost effective. All resolutions are to be voted by poll for general meetings.

(xiii) The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. Notwithstanding the above, any declaration of dividends is clearly communicated to the shareholders via SGXNet.

(xiv) The Company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders and/or has specifically entrusted an investor relations team with the responsibility of facilitating communications with shareholders and analysts and attending to their queries or concerns. The Company's investor relations policy sets out the mechanism through which shareholders may contact the Company with questions and through which the Company may respond to such questions.

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

(xv) The Company maintains a current corporate website at http://www.ohwa.com.sg to communicate and engage with stakeholders.

(xvi) The Company considers the interests of its stakeholders, including employees, customers, and suppliers, with particular focus on providing a healthy and safe working environment for its employees, providing safe and reliable products to its customers, and ensuring fair dealings with its suppliers.

(xvii) The Company is conscious of its environmental impact and seeks to promote clean energy application in China.

Securities Transactions by Officers and Employees

In compliance with Rule 1207(19) of the SGX-ST Listing Manual on dealings in securities, Directors and employees of the Company are advised not to deal in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. The Company prohibits dealings in its shares by its officers and employees during the period commencing two (2) weeks before the announcement of the Company's results for each of the first three quarters of its financial year and the one (1) month before the announcement of the Company's full year results, or when they are in possession of unpublished price-sensitive information on the Group.

Interested Person Transactions ("IPTs")

The Group has established procedures to ensure that all IPTs are reported on a timely manner to the AC and are properly reviewed and approved and are conducted at arm's length basis, and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

When a potential conflict of interest arises, the Director concerned shall not participate in discussions concerning the conflict of interest and refrain from exercising any influence over other members of the Board.

It is envisaged that the Group will, in the ordinary course of its business, continue to enter into IPTs set out in the Appendix to the Annual Report. Given that the IPTs are expected to be recurrent transactions and to allow the Group to undertake such transactions in a more expeditious manner, shareholders' approval would be required for the renewal of the general mandate for IPTs ("Shareholders' Mandate") in accordance with Chapter 9 of the SGX-ST Listing Manual. Please refer to the Appendix to the Annual Report for details on the Shareholders' Mandate.

The aggregate value of IPTs entered into during FY2022 is as follows:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandatepursuant to Rule 920 (excluding transactions less than $100,000)
	RMB'000	RMB'000	RMB'000
Chaozhou Huafeng (Group) Incorporation Ltd.			
Lease of storage facilities	An associate of Mr Liang Guo Zhan	5,000	5,000
Guangdong Huajie Logistic Technology Co., Ltd.			
Lease of LPG transportation vehicles	An associate of Mr Liang Guo Zhan	8,567	8,567
Chaozhou Huaxin Energy Co.,Ltd.			
Lease of storage facilities	An associate of Mr Liang Guo Zhan	1,500	1,500
Purchase of property, plant and equipment		6,079	6,079
Guangdong Zhongzhan New Energy Technology Co., Ltd			
Sale of LPG	An associate of Mr Liang Guo Zhan	496,036	496,036
Chaozhou Chao'an Huasheng Fuel Co., Ltd			
Sale of LPG	An associate of Mr Liang Guo Zhan	39,449	39,449

Chaozhou Chao'an Nanxiong Sheng Liquefied Gas Co., Ltd			
Sale of LPG	An associate of Mr Liang Guo Zhan	58,434	58,434
Chaozhou Chao'an Dengtang Huafeng Liquefied Gas Supply Co., Ltd			
Sale of LPG	An associate of Mr Liang Guo Zhan	59,910	59,910
Chaozhou Huafeng Refining Co., Ltd.			
Lease of port terminals, land use rights, office premises and staff dormitory	An associate of Mr Liang Guo Zhan	2,265	2,265
Sale of LPG		12,688	12,688
Guangdong Huafeng Zhongtian LNG Co., Ltd.			
Lease of port terminals, land use rights, office premises and staff dormitory	An associate of Mr Liang Guo Zhan-	3,810	3,810

12. MATERIAL CONTRACTS

There were no material contracts of the Company or its subsidiary, involving the interest of any Director or controlling shareholder subsisting at the end of FY2022 or if not then subsisting, entered into by the Company during the FY2022 or still subsisting as at 31 December 2022.

13. CORPORATE SOCIAL RESPONSIBILITY

The Board strongly believes in creating a sustainable business strategy compatible with its growth. The Board is aware of the importance of corporate social responsibility and the impact of its operations on the environment. Therefore, the Group has continuously sought to minimise the impact of its activities through water, paper and energy conservation. The Board encourages the Company's employees to recycle resources and materials across its operations. In addition, the Board emphasises the need to provide and maintain a safe and healthy work environment for the Company's employees. The Company's employees are further required to observe the Group's internal safety rules and regulations which are communicated to them regularly.

The directors present their statement to the members together with the audited financial statements of the Ouhua Energy Holdings Limited (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 December 2022 and the statement of financial position of the Company as at 31 December 2022.

1. Opinion of the directors

In the opinion of the directors,

(i) the financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and the financial performance, changes in equity and cash flows of the Group for the financial year then ended in accordance with International Financial Reporting Standards; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The directors of the Company in office at the date of this statement are:

Executive director
Liang Guo Zhan (Executive Chairman)
Zhang Jinming

Non-executive director
Liang Yaling

Independent non-executive directors
Gerald Yeo @ Yeo Ah Khe
Limjoco Ross Yu

3. Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects were, or one of the objects was, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except as disclosed in paragraphs 4 and 5 below.

4. Directors' interests in shares or debentures

The directors of the Company holding office at the end of the financial year had no interest in the share capital and debentures of the Company and related corporations except as disclosed below:

	Shareholdings registered in the name of directors		Shareholdings in which directors are deemed to have an interest	
Name of directors and company in which interests are held	**At beginning of the year**	**At end of the year**	**At beginning of the year**	**At end of the year**
Holding Company:				
(Number of ordinary shares)				
High Tree Worldwide Ltd				
Liang Guo Zhan	100	100	-	-
Company				
Liang Guo Zhan	22,974,000	22,974,000	220,914,000	220,914,000
Gerald Yeo @ Yeo Ah Khe	150,000	-	-	-
Liang Yaling	-	-	1,791,000	1,791,000

4. Directors' interests in shares or debentures (Continued)

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the directors of the Company state that, according to the Register of the Directors shareholdings, the directors' interests as at 21 January 2023 in the shares or debentures of the Company have not changed from those disclosed as at 31 December 2022.

5. Share options

There were no share options granted by the Company or its subsidiaries during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares under option in the Company or its subsidiaries as at the end of the financial year.

6. Audit Committee

The Audit Committee of the Company comprises three non-executive directors and at the date of this report, they are:

Gerald Yeo @ Yeo Ah Khe (Chairman)
Liang Yaling
Limjoco Ross Yu

The Audit Committee has convened three meetings during the year with key management and the internal and external auditors of the Company.

The Audit Committee carried out its functions:

(i) reviewed the audit plan and results of the external audit, the independence and objectivity of the external auditors, including, where applicable, the review of the nature and extent of non-audit services provided by the external auditors to the Group;
(ii) reviewed the audit plans of the internal auditors of the Group and their evaluation of the adequacy of the Group's system of internal accounting controls;
(iii) reviewed the Group's annual financial statements and the external auditors' report on the annual financial statements of the Group and of the Company before their submission to the board of directors;
(iv) reviewed the half-yearly and annual announcements as well as the related press releases on the results of the Group and financial position of the Group and of the Company;
(v) reviewed and assessed the adequacy of the Group's risk management processes;
(vi) reviewed and checked the Group's compliance with legal requirements and regulations, including the related compliance policies and programmes and reports received from regulators, if any;
(vii) reviewed interested person transactions in accordance with SGX listing rules;
(viii) reviewed the nomination of external auditors and gave approval of their compensation; and
(ix) submitted of report of actions and minutes of the Audit Committee to the board of directors with any recommendations as the Audit Committee deems appropriate.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Mazars LLP for re-appointment as external auditors of the Group at the forthcoming Annual General Meeting of the Company.

7. Auditors

The auditors, Mazars LLP, have expressed their willingness to accept re-appointment.

On behalf of the directors

LIANG GUO ZHAN	**LIANG YALING**
Director	Director

Singapore
29 March 2023

INDEPENDENT AUDITORS' REPORT

To the Members of Ouhua Energy Holdings LImited

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Ouhua Energy Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and Company as at 31 December 2022, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on page 42 to 89.

In our opinion, the accompanying financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with International Financial Reporting Standards ("IFRS") so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (the "ACRA code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Overview

Audit Approach

We designed a risk-based audit approach in identifying and assessing the risks of material misstatement at both the financial statement and assertion levels.

Materiality

As in all our audits, we exercised our professional judgement in determining our materiality, which was also affected by our perception of the financial information needs of the users of the financial statements, being the magnitude of misstatement in the financial statements that makes it probable for a reasonably knowledgeable person to change or be influenced in his economic decision.

Scope of audit

For the audit of the current financial year's financial statements, we identified 2 significant components which required a full scope audit of their financial information, either because of their size or/and their risk characteristics.

The significant components were audited by other Mazars offices as component auditors under our instructions. We determined the component materiality and our level of involvement in their audit necessary for us, in our professional judgement, to obtain sufficient appropriate audit evidence as a basis for our opinion on the Group's financial statements as a whole.

Report on the Audit of Financial Statements (Continued)

Overview (Continued)

Areas of focus

We focused our resources and effort on areas which were assessed to have higher risks of material misstatement, including areas which involve significant judgements and estimates to be made by directors.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter 1	Audit response
Revenue Recognition **(Refer to Note 4 to the financial statements)** In consideration of the continued volatility in the oil and gas industry coupled with the voluminous transactions in the Group, there is a risk that revenue may be overstated. In addition, in accordance with ISA 240 "The Auditors' Responsibilities Relating to Fraud in an Audit of Financial Statements", there is a presumed fraud risk in revenue recognition and the presumption has not been rebutted.	Our audit procedures included, and were not limited to the following: - evaluation of the design and testing of the proper implementation of the Group's relevant key controls over the revenue recognition; - performance of test of controls which included testing of the operating effectiveness of key controls over the revenue cycle; - performance of analytical procedures, such as analysing the gross profit margins reported by the Group; - performance of test of details which includes inspection of corresponding delivery documents; and - performance of cut-off tests.

Key audit matter 2	Audit response
Existence of Cash and Cash Equivalents and Pledged Fixed Deposits **(Refer to Note 18 and Note 19 to the financial statements)** As at 31 December 2022, the Group reported cash and bank balances and pledged fixed deposits of approximately RMB 131.8 million and RMB 82 million which contributed to about 20% and 12% of the total current assets respectively. Accordingly, the existence of cash and bank balances was identified as an area of focus.	Our audit procedures included, and were not limited to the following: - evaluation of the design and testing of the proper implementation of the Group's relevant key controls over the receipt and payment cycles; - circularisation of all bank confirmations for bank balances (including in-person visits to banks and via courier service in the People's Republic of China ("PRC"); - verification of interbank transfers against underlying supporting documentation on a sample basis; - examination of the year end bank reconciliations and testing of the accuracy of the closing bank balances; - performance of physical count of the cash on hand balances; and - introduction of an element of unpredictability by circularising confirmations at a date other than the financial year-end.

Report on the Audit of Financial Statements (Continued)

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and the independent auditors' report thereon, which we obtained prior to the date of this report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the IFRS, and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Report on the Audit of Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's abilities to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Zhang Liang.

MAZARS LLP
Public Accountants and
Chartered Accountants

Singapore
29 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2022

	Note	2022 RMB'000	2021 RMB'000
Revenue	4	4,644,701	3,563,535
Cost of sales		(4,459,657)	(3,432,278)
Gross profit		185,044	131,257
Other operating income	5	10,764	13,868
Selling and distribution expenses		(70,974)	(53,558)
Administrative expenses		(20,049)	(18,012)
Other operating expenses		(22,935)	(12,453)
Profit from operations		81,850	61,102
Finance costs	6	(15,179)	(11,790)
Profit before income tax expense	7	66,671	49,312
Income tax expense	9	(18,166)	(16,276)
Profit for the financial year		48,505	33,036
Other comprehensive loss:			
Components of other comprehensive loss that may be reclassified subsequently to profit or loss, net of tax			
Exchange differences on translation foreign operations		(77)	(52)
Total comprehensive income for the financial year		48,428	32,984
Earnings per share attributable to owners of the Company (RMB fen per share)			
Basic and diluted	10	12.65	8.62

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENT OF FINANCIAL POSITION

For the financial year ended 31 December 2022

	Note	Group 2022 RMB'000	Group 2021 RMB'000	Company 2022 RMB'000	Company 2021 RMB'000
Non-current assets					
Property, plant and equipment	11	155,633	120,768	-	2
Investments in subsidiaries	12	-	-	284,277	156,277
Total non-current assets		155,633	120,768	284,277	156,279
Current assets					
Inventories	13	104,950	213,536	-	-
Trade and other receivables	14	305,862	103,866	-	-
Due from a related party	15	26,147	66,868	68	68
Derivative financial instruments	16	6,260	156	-	-
Margin deposits	17	-	387	-	-
Pledged fixed deposits	18	81,986	7,912	-	-
Cash and cash equivalents	19	131,848	143,853	6,457	11,535
Total current assets		657,053	536,578	6,525	11,603
Total assets		812,686	657,346	290,802	167,882
Current liabilities					
Trade and other payables	20	60,312	171,461	4,233	3,675
Due to related parties	15	9,874	8,040	4,536	4,151
Due to a subsidiary	21	-	-	37,992	36,511
Due to a holding company	21	1,741	1,593	1,741	1,593
Bank borrowings	22	393,951	202,080	-	-
Lease liabilities	23	5,294	5,874	-	-
Income tax payable		23,003	17,753	-	-
Total current liabilities		494,175	406,801	48,502	45,930
Non-current liabilities					
Lease liabilities	23	27,683	8,005	-	-
Deferred tax liabilities	24	2,186	2,326	-	-
Total non-current liabilities		29,869	10,331	-	-
Net assets		288,642	240,214	242,300	121,952
Issued capital and reserves attributable to owners of the Company					
Share capital	25	149,488	149,488	149,488	149,488
Share premium	26	130,298	130,298	130,298	130,298
Statutory reserve	27	18,730	15,662	-	-
Foreign currency translation reserve	28	3,662	3,739	(40,719)	6,488
Accumulated (losses)/profits		(13,536)	(58,973)	3,233	(164,322)
Total equity		288,642	240,214	242,300	121,952

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

	Share capital RMB'000	Shares premium RMB'000	Statutory reserve RMB'000	Foreign currency translation reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Balance at 1 January 2021	149,488	130,298	15,662	3,791	(92,009)	207,230
Profit for the financial year	-	-	-	-	33,036	33,036
Other comprehensive loss:						
Exchange differences on translating foreign operations	-	-	-	(52)	-	(52)
Total comprehensive (loss)/ income for the financial year	-	-	-	(52)	33,036	32,984
Balance at 31 December 2021	149,488	130,298	15,662	3,739	(58,973)	240,214
Profit for the financial year	-	-	-	-	48,505	48,505
Other comprehensive loss:						
Exchange differences on translating foreign operations	-	-	-	(77)	-	(77)
Total comprehensive (loss)/ income for the financial year	-	-	-	(77)	48,505	48,428
Transfer to statutory reserve	-	-	3,068	-	(3,068)	-
Balance at 31 December 2022	149,488	130,298	18,730	3,662	(13,536)	288,642

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2022

	Note	2022 RMB'000	2021 RMB'000
Operating activities			
Profit before income tax expense		66,671	49,312
Adjustments for:			
Depreciation of property, plant and equipment	11	21,415	28,402
Gain on termination of lease	5	(299)	-
Impairment loss on financial assets, net	7	-	270
Interest income	5	(862)	(701)
Interest expense	6	15,179	11,790
Loss on written-off of property, plant and equipment	7	128	267
Fair value (gain)/loss on derivative financial instruments	5	(3,764)	2,385
Operating profit before movements in working capital		98,468	91,725
Changes in working capital			
Inventories		108,586	(177,566)
Trade and other receivables		(201,996)	80,806
Due from a related party		40,721	(3,931)
Margin deposits		387	1,216
Trade and other payables		(106,039)	42,213
Cash (used in)/generated from operations		(59,873)	34,463
Interest received		862	701
Income tax paid		(18,166)	(1,752)
Net cash flows (used in)/generated from operating activities		(77,177)	33,412
Investing activities			
Purchase of property, plant and equipment [1]	11	(31,913)	(14,865)
Purchase of derivative financial instruments		(2,340)	-
Net cash flows used in investing activities		(34,253)	(14,865)
Financing activities			
Increase in pledged fixed deposits		(70,795)	(4,988)
Repayment from a related party		1,834	488
Proceeds from bank borrowings		823,662	720,423
Repayments of bank borrowings		(650,696)	(781,254)
Repayments of lease liabilities		(6,969)	(10,614)
Effect of foreign currency re-alignment on financing activities		2,318	-
Net cash generated from/(used in) financing activities		99,354	(75,945)
Net decrease in cash and cash equivalents		(12,076)	(57,398)
Cash and cash equivalents at beginning of financial year		143,853	201,454
Effect of foreign exchange rate changes in cash and cash equivalents		71	(203)
Cash and cash equivalents at end of financial year	19	131,848	143,853

[1] During the financial year, the Group acquired property, plant and equipment with aggregate cost of RMB 59,417,000 (2021: RMB 14,865,000) of which RMB 27,504,000 (2021: RMB Nil) was acquired by means of lease and RMB 31,913,000 (2021: RMB 14,865,000) by way of cash.

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

Reconciliation of assets/liabilities arising from financing activities

	1 January 2022 RMB'000	Financing cash inflows RMB'000	Financing cash outflows RMB'000	Non-cash movements: Lease modification RMB'000	Non-cash movements: Interest expense RMB'000	Non-cash movements: Foreign exchange movement RMB'000	31 December 2022 RMB'000
Liabilities							
Due to related parties	8,040	1,834	-	-	-	-	9,874
Due to a holding company	1,593	-	-	-	-	148	1,741
Bank borrowings	202,080	823,662	(650,696)	-	13,308	5,597	393,951
Lease liabilities	13,879	-	(6,969)	24,196	1,871	-	32,977
Assets							
Pledged fixed deposits	(7,912)	-	(70,795)	-	-	(3,279)	(81,986)

	1 January 2021 RMB'000	Financing cash inflows RMB'000	Financing cash outflows RMB'000	Non-cash movements: Lease modification RMB'000	Non-cash movements: Interest expense RMB'000	Non-cash movements: Foreign exchange movement RMB'000	31 December 2021 RMB'000
Liabilities							
Due to related parties	7,667	488	-	-	-	(115)	8,040
Due to a holding company	1,631	-	-	-	-	(38)	1,593
Bank borrowings	252,350	720,423	(781,254)	-	10,561	-	202,080
Lease liabilities	28,824	-	(10,614)	(5,560)	1,229	-	13,879
Assets							
Pledged fixed deposits	(2,924)	-	(4,988)	-	-	-	(7,912)

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

Ouhua Energy Holdings Limited ("the Company") is a company incorporated in Bermuda under the Bermuda Companies Act as an exempted company with limited liability. The Company's registered office is located at 5th Floor, Victoria Place, 31 Victoria Street, Hamilton HM10, Bermuda. The principal place of business of the Group is located at Long Wan Suo Cheng Town, Raoping County, Guangdong Province, People's Republic of China ("PRC"). The Company is listed on the Singapore Exchange Securities Trading Limited.

The principal activity of the Company is that of investment holding.

The Company's holding company is High Tree Worldwide Ltd., a company incorporated in British Virgin Islands and is wholly-owned by Liang Guo Zhan, Executive Chairman of the Group.

The particulars of the subsidiaries are set out in Note 12 to the financial statements.

The financial statements of the Group and the statement of financial position of the Company for the financial year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors of the Company on the date of Directors' Statement.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and the statement of financial position of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), including related Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the Group and the statement of financial position of the Company are presented in Chinese Renminbi ("RMB"), which is the presentation currency of the Group. The functional currency of the Company is United States dollar. As the Group mainly operates in PRC, RMB is used as the presentation currency of the Group and the Company. All financial information presented in RMB has been recorded to the nearest thousand (RMB'000) unless stated otherwise.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

In the current financial year, the Group has adopted all the new and revised IFRS and IFRIC that are relevant to its operations and effective for annual periods beginning on or after 1 January 2022. The adoption of these new/revised IFRS and IFRIC did not result in changes to the Group's and Company's accounting policies and has no material effect on the current or prior year and is not expected to have a material effect on future periods.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

IAS, IFRS and IFRIC issued but not effective.

At the date of authorisation of these financial statements, the following IAS, IFRS and IFRIC that were issue but not yet effective:

IAS, IFRS IFRIC	Title	Effective date (annual periods beginning on or after)
IFRS 17	Insurance Contracts	1 January 2023
IAS 1	Amendments to IAS 1: *Classification of Liabilities as Current or Non-current*	1 January 2023
IAS 8	Amendments to IAS 8: *Definition of Accounting Estimates*	1 January 2023
IAS 12, IFRS 1	Amendments to IAS 12: *Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*	1 January 2023
IFRS 16	Amendments to IFRS 16: *Lease Liability in a Sale and Leaseback*	1 January 2024
Various	Amendments to IFRS 17	1 January 2023
Various	Amendments to IAS 1 and IFRS Practice Statement 2: *Disclosure of Accounting Policies*	1 January 2023
Various	Amendments to IAS 1: *Non-current Liabilities with Covenants*	1 January 2024
IFRS 10, IAS 28	Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

Consequential amendments were also made to various standards as a result of these new/revised standards.

The Group does not intend to early adopt any of the above new/revised standards, interpretations and amendments to the existing standards. Management anticipates that the adoption of the aforementioned revised/new standards will not have a material impact on the financial statements of the Group and Company in the period of their initial adoption.

2.2 Basis of consolidation

The financial statements of the Group comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities (including structured entities) (i) over which the Group has power and the Group is (ii) able to use such power to (iii) affect its exposure, or rights, to variable returns from then through its involvement with them.

The Group reassesses whether it controls the subsidiaries if facts and circumstances indicate that there are changes to the one or more of the three elements of control.

When the Group has less than a majority of the voting rights of an investee, it still has power over the investee when the voting rights are sufficient, after considering all relevant facts and circumstances, to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers, among others, the extent of its voting rights relative to the size and dispersion of holdings of the other vote holders, currently exercisable substantive potential voting rights held by all parties, rights arising from contractual arrangements and voting patterns at previous shareholders' meetings.

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intra-group assets and liabilities, equity, income, expenses and cashflows relating to intragroup transactions are eliminated on consolidation.

The financial statements of the subsidiaries used in the preparation of the financial statements are prepared for the same reporting date as that of the Company. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests are identified separately from the Group's equity therein. On an acquisition-by-acquisition basis, non-controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Losses in the subsidiary are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the amount by which the non-controlling interests are adjusted to reflect the changes in the relative interests in the subsidiary and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control over a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instruments* ("IFRS 9") or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Investments in subsidiaries are carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements.

2.3 Revenue recognition

The Group is principally in the business of import, processing and wholesale of liquefied petroleum gas. Revenue from contracts with its customers is recognised when or as the Group satisfies a performance obligation by transferring a promised good or service generated in the ordinary course of the Group's activities to its customer, at a transaction price that reflects the consideration the Group expects to be entitled in exchange for the goods or service and that is allocated to that performance obligation. The goods or service is transferred when or as the customer obtains control of the goods or service.

2. Summary of significant accounting policies (Continued)

2.3 Revenue recognition (Continued)

Sale of goods

The Group sells a range of products to its customers. Revenue is recognised at a point in time when the control of the goods is transferred to the distributors (i.e. when the goods are delivered in accordance with the applicable incoterms or/and terms and conditions and significant risks and rewards of ownership of the goods have been transferred to the customer). A corresponding receivable is recognised for the consideration that is unconditional when only the passage of time is required before the payment is due.

2.4 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the profit or loss in the period in which they are incurred.

2.5 Employee benefits

Pursuant to the relevant regulations of the PRC government, the subsidiary in the PRC has participated in a local municipal government retirement benefits scheme (the "Scheme"), whereby the subsidiary in the PRC is required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund its retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the subsidiary in the PRC. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme mentioned above.

Contributions under the Scheme are charged to the consolidated profit or loss as incurred. There are no provisions under the Scheme whereby forfeited contributions may be used to reduce future contributions.

2.6 Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit as reported in the consolidated profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's and the Company's liabilities for current tax are calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

2. Summary of significant accounting policies (Continued)

2.6 Income taxes (Continued)

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, except where the Group and the Company are able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year. Deferred tax is charged or credited to the consolidated profit or loss, except to the extent that they relate to items recognised in consolidated statement of other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in consolidated profit or loss or directly in equity, respectively.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense on income in profit or loss, except when they relate to items credited or debited directly to equity in which case the tax is also recognised directly in equity.

2.7 Foreign currency transaction and translation

Foreign currency transactions are translated into the individual entities’ respective functional currency at the exchange rates prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2. Summary of significant accounting policies (Continued)

2.7 Foreign currency transaction and translation (Continued)

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in the profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting financial statements, the assets and liabilities of the Group's and the Company's operations (including comparatives) are expressed in RMB using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, are recognised initially in other comprehensive income and accumulated in the Group's foreign currency translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

2.8 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure relating to property, plant and equipment is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives using the straight-line method, on the following bases:

	Annual Depreciation rates
Building and storage	3% - 4.5%
Vessel	5%
Plant and machinery	9%
Motor vehicles	9%
Office equipment	18%
Leasehold improvements	33⅓%

For right-of-use assets for which ownership of the underlying asset is not transferred to the Group by the end of the lease term, depreciation is charged over the lease term, using the straight-line method. The lease periods are disclosed in Note 23.

2. Summary of significant accounting policies (Continued)

2.8 Property, plant and equipment (Continued)

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The vessel is required to undergo planned dry-docking for replacement of certain components, major repairs and maintenance of other components, which cannot be carried out while the vessel is operating. Dry-dock occurs approximately once every 5 years depending on the nature of work and external requirements. These dry-docking costs are capitalised and depreciated on a straight-line basis over the estimated period until the next dry-docking.

The residual value of such components is estimated at nil. The useful life of the dry-docking costs is reviewed at least at each financial year-end based on market conditions and regulatory requirements.

The Group reviews the estimated useful life of the property, plant and equipment regularly in order to determine the amount of depreciation expense to be recorded for reporting period. Changes in the expected level of use of the property, plant and equipment could impact the economic useful life and the residual value of the property, plant and equipment. Any changes in the economic useful life and the residual value could impact the depreciation charge and consequently affect the Group's results. The residual value is reviewed at each reporting period, with any changes in estimates accounted for as a change in estimate and therefore prospectively.

The residual value of the vessel for the purpose of calculating the annual depreciation expense for the financial year is estimated using the scrap steel price less estimated costs of disposal of a complete vessel with all normal machinery and equipment on board.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

2.9 Impairment of non-financial assets

The Group reviews the carrying amounts of its non-financial assets as at each reporting date to assess for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

2. Summary of significant accounting policies (Continued)

2.9 Impairment of non-financial assets (Continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.10 Financial instruments

The Group recognises a financial asset or a financial liability in its statement of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument.

Financial assets

Initial recognition and measurement

With the exception of trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient, all financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Such trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient are measured at transaction price as defined in IFRS 15 *Revenue from Contracts with Customers* (“IFRS 15”) in Note 2.3.

The classification of the financial assets at initial recognition as subsequently measured at amortised cost, fair value through other comprehensive income (“FVTOCI”) and fair value through profit or loss (“FVTPL”) depends on the Group’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The Group’s business model refers to how the Group manages its financial assets in order to generate cash flows which determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Group determines whether the asset’s contractual cash flows are solely payments of principal and interest (“SPPI”) on the principal amount outstanding to determine the classification of the financial assets.

2. Summary of significant accounting policies (Continued)

2.10 Financial instruments (Continued)

Financial assets (Continued)

Financial assets at amortised cost

A financial asset is subsequently measured at amortised cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost include Trade and other receivables, cash and cash equivalents.

Subsequent to initial recognition, the financial asset at amortised cost are measured using the effective interest method and is subject to impairment. Gains or losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Financial assets at FVTPL

A financial asset is subsequently measured at FVTPL if the financial asset is a financial asset held for trading, is not measured at amortised cost or at FVTOCI, or is irrevocably elected at initial recognition to be designated FVTPL if, by designating the financial asset as FVTPL, eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Gains or losses are recognised in profit or loss.

2. Summary of significant accounting policies (Continued)

2.10 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets measured at amortised cost. At each reporting date, the Group assesses whether the credit risk on a financial asset has increased significantly since initial recognition by assessing the change in the risk of a default occurring over the expected life of the financial instrument. Where the financial asset is determined to have low credit risk at the reporting date, the Group assumes that the credit risk on a financial assets has not increased significantly since initial recognition.

The Group uses reasonable and supportable forward-looking information that is available without undue cost or effort as well as past due information when determining whether credit risk has increased significantly since initial recognition.

Where the credit risk on that financial instrument has increased significantly since initial recognition, the Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL. Where the credit risk on that financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

The Group uses a practical expedient to recognise the ECL for trade receivables, which is to measure the loss allowance at an amount equal to lifetime ECL using an allowance matrix derived based on historical credit loss experience adjusted for current conditions and forecasts of future economic conditions.

The amount of ECL or reversal thereof that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised in profit or loss.

The Group directly reduces the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

For details on the Group's accounting policy for its impairment of financial assets, refer to Note 30.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

2. Summary of significant accounting policies (Continued)

2.10 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Ordinary share capital

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised on trade date – the date on which the Group commits to purchase or sell the asset. All financial liabilities are initially measured at fair value, minus transaction costs, except for those financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition. Financial liabilities classified as at fair value through profit or loss comprise derivatives that are not designated or do not qualify for hedge accounting.

Other financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis. A gain or loss is recognised in profit or loss when the liability is derecognised and through the amortisation process.

Borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Groups accounting policy for borrowing costs (see Note 2.4 above). A gain or loss is recognised in profit or loss when the liability is derecognised and through the amortisation process.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

2. Summary of significant accounting policies (Continued)

2.10 Financial instruments (Continued)

Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to commodity price risk, comprising commodity forward contract.

Derivatives are initially recognised at their fair values at the date the derivative contract is entered into and are subsequently re-measured to their fair values at the end of each financial year. The method of recognising the resulting gain or loss depends on whether the derivative is designated and effective as a hedging instrument, and if so, the nature of the item being hedged.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.12 Margin deposits

Margin deposits consist of cash with brokers and exchanges, to meet initial and variation margin requirements in respect of futures positions on commodities exchanges.

2.13 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and cash in banks which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.14 Leases

At inception of a contract, the Group assessed whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

2. Summary of significant accounting policies (Continued)

2.14 Leases (Continued)

Where a contract contains more than one lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component. Where the contract contains non-lease components, the Group applied the practical expedient to not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group recognises a right-of-use asset and lease liability at the lease commencement date for all lease arrangement for which the Group is the lessee, except for leases which have lease term of 12 months or less and leases of low value assets for which the Group applied the recognition exemption allowed under IFRS 16. For these leases, the Group recognises the lease payment as an operating expense on a straight-line basis over the term of the lease.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. When the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. The right-of-use asset is also reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability, where applicable.

Right-of-use assets are presented within “property, plant and equipment”.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee’s incremental borrowing rate.

The Group generally uses the incremental borrowing rate as the discount rate. To determine the incremental borrowing rate, the Group obtains a reference rate and makes certain adjustments to reflect the terms of the lease and the asset leased

The lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any lease incentive receivable,
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable under a residual value guarantee,
- the exercise price under a purchase option that the Group is reasonably certain to exercise, and
- payments of penalties for terminating the lease if the Group is reasonably certain to terminate early and lease payments for an optional renewal period if the Group is reasonably certain to exercise an extension option.

2. Summary of significant accounting policies (Continued)

2.14 Leases (Continued)

The lease liability is measured at amortised cost using the effective interest method. The Group remeasures the lease liability when there is a change in the lease term due to a change in assessment of whether it will exercise a termination or extension or purchase option or due to a change in future lease payment resulting from a change in an index or a rate used to determine those payment.

Where there is a remeasurement of the lease liability, a corresponding adjustment is made to the right-of-use asset or in profit or loss where there is a further reduction in the measurement of the lease liability and the carrying amount of the right-of-use asset is reduced to zero.

The Group as a lessor

Where a contract contains more than one lease and/or non-lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component.

At the lease commencement date, the Group assess and classify each lease as either an operating lease or a finance lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Operating Leases

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.15 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group and the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the consolidated profit or loss when the changes arise.

2.16 Government subsidies

Subsidies from the PRC government are recognised at their fair values when they are received, or when there is reasonable assurance that the grant will be received and all attached conditions have been complied with.

2. Summary of significant accounting policies (Continued)

2.17 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors who make strategic decisions.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying the entity's accounting policies

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the Group's accounting policies and which have the significant effect on the amounts recognised in the financial statements.

(i) Determination of functional currency

The Group translates foreign currency items into the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the respective entities, judgement is used by the Group to determine the currency of the primary economic environment in which the respective entities operate. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

3.2 Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Measurement of ECL of trade receivables

The Group uses an allowance matrix to measure ECL for trade receivables. The ECL rates are based on the Group's historical loss experience of the customers, for the last 3 years prior to the reporting date for various customer groups that are assessed by geographical locations, product types and internal ratings, adjusted for forward looking factors, specific to the debtors and the economic environment which could affect the ability of the debtors to settle the trade receivables. In considering the impact of the economic environment on the ECL rates, the Group assesses, for example, the gross domestic production growth rates of the countries and the growth rates of the major industries in which its customers operate. The Group adjusts the allowance matrix at each reporting date. Such estimation of the ECL rates may not be representative of the actual default in the future. The expected loss allowance on the Group's trade receivables as at 31 December 2022 is RMB 1,169,000 (2021: RMB 1,169,000) (Note 30).

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(ii) Impairment of investments in subsidiaries

At the end of each financial year, an assessment is made on whether there are indicators that the Company's investments in subsidiaries are impaired. Where applicable, the Company's assessments are based on the estimation of the value-in-use of the assets defined in IAS 36 Impairment of Assets by forecasting the expected future cash flows for a period of up to 5 years, using a suitable discount rate in order to calculate the present value of those cash flows. The Company's carrying amount of investments in subsidiaries as at 31 December 2022 was RMB 284,277,000 (2021: RMB 156,277,000).

(iii) Impairment of property, plant and equipment

Property, plant and equipment are assessed at the end of each financial year to ascertain whether there is an indication of impairment, if such indications are found, the recoverable amounts of the assets are estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Such impairment loss is recognised in profit or loss.

Management judgement is required in the area of asset impairment, particularly in assessing (i) whether an event has occurred that may indicate that the related asset values may not been recoverable; (ii) whether the carrying value of an asset can be supported by the market value or the net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in estimating the market value of preparing the cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, could materially affect the net present value used in the impairment test and as a result may potentially affect the Group's results. The carrying amount of the Group's property, plant and equipment as at 31 December 2022 was RMB 155,633,000 (2021: RMB 120,768,000).

(iv) Depreciation of property, plant and equipment

The Group depreciates the property, plant and equipment over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual value reflects management's estimated amount that the Group would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amount of the Group's property, plant and equipment as at 31 December 2022 was RMB 155,633,000 (2021: RMB 120,768,000).

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(v) Inventory valuation method

Inventory is valued at the lower of cost and net realisable value. Management reviews the Group's inventory levels in order to identify slow-moving and obsolete inventory and identifies items of inventory which have a market price, being the selling price quoted from the market of similar items, that is lower than its carrying amount. Management then estimates the amount of inventory loss as an allowance on inventory. Changes in demand levels, technological developments and pricing competition could affect the saleability and values of the inventory which could then consequentially impact the Group's and Company's results, cash flows and financial position. The carrying amount of the Group's inventories as at 31 December 2022 was RMB 104,950,000 (2021: RMB 213,536,000). There was no allowance made on inventory for the year ended 31 December 2022 and 2021.

(vi) Provision for income taxes

The Group mainly has exposure to income taxes in PRC. Due to its inherent nature, judgement is involved in determining the Group's provisions for income taxes. The Group recognised liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provision in the financial year in which such determination is made. The carrying amount of the Group's current income tax payables as at 31 December 2022 was RMB 23,003,000 (2021: RMB 17,753,000).

4. Revenue

	Group	
	2022 RMB'000	2021 RMB'000
Sale of goods		
- Liquefied petroleum gas ("LPG")	4,639,525	3,414,593
- Propane ("C3")	1,082	72,704
- Butane ("C4")	4,094	76,238
	4,644,701	3,563,535

The disaggregation of revenue from contracts with customers is as follows:

	LPG		C3		C4		Total	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Geographical markets[(a)]								
PRC	4,639,525	3,414,593	-	-	-	-	4,639,525	3,414,593
Asia Pacific	-	-	1,082	72,704	4,094	76,238	5,176	148,942
	4,639,525	3,414,593	1,082	72,704	4,094	76,238	4,644,701	3,563,535

[(a)] The disaggregation is based on the location of customers from which revenue was generated.

The Group has applied the practical expedient permitted under IFRS 15 for those performance obligations which are part of contracts that have an original expected duration of one year or less.

4. Revenue (Continued)

Contract balances

The following table provides information about contract liabilities from contracts with customers.

	Group 2022 RMB'000	Group 2021 RMB'000
Contract liabilities (Note 20)	(43,059)	(46,932)
Revenue recognised that was included in the contract liability balance at the beginning of the year	46,932	58,585

The decrease in contract liabilities for the financial year ended 31 December 2022 from the prior year is due to more advances released with the sales of liquefied petroleum gas during the financial year.

5. Other operating income

	Group 2022 RMB'000	Group 2021 RMB'000
Tug boat service	1,003	831
Interest income from fixed deposits	862	701
Subsidies from government*	446	1,060
Vessel rental income	4,078	4,078
Fair value gain/(loss) on derivative financial instruments, net	3,764	(2,385)
Gain on settlement of derivative financial instruments	-	4,924
Gain on termination of lease	299	-
Foreign exchange gain - net	-	2,135
Warehouse handling fee income	246	671
Utilities income	40	1,484
Others	26	369
	10,764	13,868

* The subsidies from government related to monetary subsidies received from government agencies in PRC for work place safety, import activities and others.

6. Finance costs

	Group 2022 RMB'000	Group 2021 RMB'000
Interest expenses on bank borrowings	13,308	10,561
Interest expenses on leases	1,871	1,229
	15,179	11,790

7. Profit before income tax expense

In addition to the charges and credits disclosed elsewhere in the financial statements, the above includes the following charges:

	Group	
	2022 **RMB'000**	**2021** **RMB'000**
Audit fees paid to auditors		
- Auditors of the Company	539	514
- Other auditors	293	266
Depreciation of property, plant and equipment (Note 11)	21,415	28,402
Employee benefit costs (Note 8)	18,308	12,096
Marine freight	56,537	37,736
Foreign exchange loss - net	6,376	-
Loss on derivative financial instruments	8,456	-
Impairment loss on financial assets, net	-	270
Loss on written-off of property, plant and equipment	128	267

8. Employee benefits costs

	Group	
	2022 **RMB'000**	**2021** **RMB'000**
Salaries, bonuses and allowances	15,109	9,621
Other staff benefits	1,524	1,064
Contribution to retirement benefits schemes	1,675	1,411
	18,308	12,096

Employee benefits costs included the amounts shown as Directors' remuneration in Note 29(b) to the financial statements.

9. Income tax expense

	Group	
	2022 **RMB'000**	**2021** **RMB'000**
Current tax		
Current financial year	18,306	13,950
Deferred tax expense (Note 24)		
Origination and reversal of temporary differences	(140)	2,326
	18,166	16,276
Reconciliation of effective tax rate is as follows:		
Profit before income tax expense	66,671	49,312
Tax calculated at applicable PRC tax rate of 25% (2021: 25%)	16,668	12,328
Tax effect of non-taxable items	1,638	(265)
Tax effect of non-deductible items	(140)	4,213
Income tax expense	18,166	16,276

The Company is incorporated in Bermuda and accordingly exempted from income tax in the country of incorporation.

9. Income tax expense (Continued)

Tax laws affecting a subsidiary

(i) Foreign investment enterprises income tax rate

With effective from 1 January 2008, the new applicable Corporate Income Tax ("CIT") rate will be 25% for all PRC subsidiaries held by foreign investment.

(ii) Withholding tax on dividends

Under the PRC tax law, dividends received by foreign investors from their investment in Chinese enterprises in respect of profits earned since 1 January 2008 are subject to withholding tax at a rate of 10% unless reduced by a treaty. Pursuant to a tax arrangement between the PRC and Singapore, the investment holding companies established in Singapore are subject to a reduced withholding tax rate of 5% on dividends they received from their PRC subsidiaries subject to certain statutory criteria being met.

10. Earnings per share

The calculations for earnings per share of the Group are based on:

	2022	2021
Profit attributed to equity holders (RMB'000)	48,505	33,036
Weighted average number of ordinary shares ('000)	383,288	383,288
Basic and diluted earnings per share (RMB fen)	12.65	8.62

Basic earnings per share is calculated by dividing the Group's profit attributed to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year. Diluted earnings per share is calculated by dividing the Group's profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

There is no dilutive potential ordinary share during the financial years 2022 and 2021.

11. Property, plant and equipment

Group	Buildings and storage RMB'000	Vessel RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Right-of-use RMB'000	Total RMB'000
Cost									
Balance at 1 January 2021	184,288	115,000	18,714	5,158	2,790	14,938	-	39,447	380,335
Additions	1,224	-	9,870	2,000	370	1,401	-	-	14,865
Modification of lease	-	-	-	-	-	-	-	(5,560)	(5,560)
Disposal/Written off	-	-	-	(1,764)	(313)	-	-	(6,920)	(8,997)
Balance at 31 December 2021	185,512	115,000	28,584	5,394	2,847	16,339	-	26,967	380,643
Additions	-	-	10,135	671	1,762	15,838	3,507	27,504	59,417
Termination of lease	-	-	-	-	-	-	-	(12,036)	(12,036)
Disposal/Written off	-	-	-	(125)	(988)	-	-	-	(1,113)
Balance at 31 December 2022	185,512	115,000	38,719	5,940	3,621	32,177	3,507	42,435	426,911
Accumulated depreciation									
Balance at 1 January 2021	136,481	50,648	18,330	3,119	2,194	12,773	-	11,682	235,227
Charged for the financial year	7,635	5,244	2,786	315	574	2,420	-	9,428	28,402
Disposal/Written off	-	-	-	(1,587)	(223)	-	-	(6,920)	(8,730)
Balance at 31 December 2021	144,116	55,892	21,116	1,847	2,545	15,193	-	14,190	254,899
Charged for the financial year	848	5,244	7,453	488	634	1,378	-	5,370	21,415
Termination of lease	-	-	-	-	-	-	-	(9,027)	(9,027)
Disposal/Written off	-	-	-	(112)	(873)	-	-	-	(985)
Balance at 31 December 2022	144,964	61,136	28,569	2,223	2,306	16,571	-	10,533	266,302
Accumulated impairment losses									
Balance at 31 December 2021 and 2022	-	4,976	-	-	-	-	-	-	4,976
Carrying amount									
At 31 December 2022	40,548	48,888	10,150	3,717	1,315	15,606	3,507	31,902	155,633
At 31 December 2021	41,396	54,132	7,468	3,547	302	1,146	-	12,777	120,768

11. Property, plant and equipment (Continued)

On 20 May 2008, a subsidiary of the Group, Chaozhou Ouhua Energy Co., Ltd ("Chaozhou Ouhua") entered into a nominee agreement (the "Agreement") with a related party, Chaozhou Huafeng (Group) Incorporation Ltd ("Huafeng Incorporation"), where Huafeng Incorporation agreed to act as the nominee of Chaozhou Ouhua and would register Chaozhou Ouhua's vessel under Huafeng Incorporation's name upon the completion of the construction of the said vessel. The vessel was completed in May 2011.

Management has sought and obtained legal opinion on the Agreement and which affirmed that the Agreement was legally binding between Chaozhou Ouhua and Huafeng Incorporation. Consequently, Chaozhou Ouhua possesses full ownership interest in and retains all the risks and rewards of the vessel.

Upon completion of the vessel in 2011, for vessel licencing purposes, the vessel was required to be registered under both Zhejiang Huachang Marine Transportation Co., Ltd ("Huachang") and Huafeng Incorporation. For this purpose, Huafeng Incorporation with the agreement of Chaozhou Ouhua (the sole legal, beneficial and rightful owner of the vessel), entered into a Transfer of Rights agreement with Huachang where it stated that Huachang does not have any ownership interest in the vessel despite the vessel is co-registered under the name of Huafeng Incorporation and Huachang.

Property, plant and equipment includes right-of-use assets with carrying amount of RMB 31,902,000 (2021: RMB 12,777,000). Details of right-of-use assets are disclosed in Note 23. During current year, the Group renegotiated and early terminated an existing lease contract for a port terminal. In previous financial year, the Group renegotiated and modified an existing lease contract for a vessel by early terminating the lease term during previous financial year. As these early termination are not part of the terms and conditions of the original lease contract, it is accounted for as a lease modification with a write-off to the right-of-use assets, classified under "Property, plant and equipment". The corresponding remeasurement to lease liability is recorded under 'lease liabilities' (Note 23).

During the current financial year, Chaozhou Ouhua carried out a review of the recoverable amount of its facilities and vessel, no further impairment loss is required.

12. Investments in subsidiaries

	Company	
	2022	**2021**
	RMB'000	**RMB'000**
Unquoted equity investment, at cost	221,417	221,417
Loan to a subsidiary [(a)]	62,860	-
Less: Allowance for impairment [(b)]	-	(65,140)
	284,277	156,277
Allowance for impairment		
Balance at 1 January	(65,140)	(65,140)
Reversal of allowance for impairment	109,025	-
Currency translation	(43,885)	-
Balance at 31 December	-	(65,140)

12. Investments in subsidiaries (Continued)

[(a)] The loan to a subsidiary form part of the Company's net investment. The Company re-assessed the recoverability of these amounts on a 12-month ECL basis consequent to their assessment and concluded that these receivables are of low credit risk. In its assessment of the credit risk of the subsidiary, the Company considered amongst other factors, the financial position of the subsidiary as of 31 December 2022, the past financial performance and cashflow trends, adjusted for the outlook of the industry and economy in which the subsidiary operate in. Arising from the ECL assessment, reversal of loan to a subsidiary written off in prior period amounting to RMB 62,860,000 was recognised in other income of the Company for the financial year ended 31 December 2022, due to the recovery of the economic conditions in the energy industry of the PRC where the subsidiary operates. The reversal of loan to a subsidiary written off in prior period has been eliminated when preparing the consolidated financial statement of the Group and hence do not have an impact to the consolidated financial statements.

[(b)] During the financial year, there were indicators that the impairment loss recognised may need to be reversed for the Company's investments in subsidiaries, Chaozhou Ouhua Energy Co., Ltd, due to recovery of the economic conditions in the energy industry of the PRC where the subsidiary operates. The Company carried out a review of the recoverable amounts of this investment. The recoverable amount was estimated based on the value-in-use model.

The key assumptions underlying the Company's impairment assessment of its investments in subsidiaries are:

- Cash flow projections covering a 5-year period; and
- Cash flow beyond the 5-year period were extrapolated using an estimated long-term growth rate which did not exceed the long-term average growth rate of the country in which the subsidiary investments are located.

The significant inputs are set out in the table as follows:

	2022 %
Average revenue growth rate	4.3
Terminal growth rate	1.5
Discount rate	11.8

Arising from the impairment assessment, an impairment loss reversal of RMB 109,025,000 was recognised in other income of the Company for the financial year ended 31 December 2022 which increased the carrying amount of the investment in subsidiaries to an amount had no impairment loss been recognised in prior years. The reversal of impairment loss has been eliminated when preparing the consolidated financial statement of the Group and hence do not have an impact to the consolidated financial statements. Management has also considered possible reasonable changes in the respective key assumptions and concluded that it will not result in any significant changes.

Details of the subsidiaries are as follow:

Name of subsidiary/ (Principal place of business)	Registered capital	Effective equity held by the Group 2022 %	2021 %	Principal activities
Chaozhou Ouhua Energy Co., Ltd [(1)] (PRC)	RMB221,416,000	100	100	Import, processing and wholesale of liquefied petroleum gas
Ouhua Energy (Singapore) Pte. Ltd. [(2)] (Singapore)	S$100	100	100	Dormant

[(1)] Audited by an overseas fellow member firm of Mazars LLP for consolidation purpose.
[(2)] Audited by Mazars LLP, Singapore.

The loan to a subsidiary are unsecured and interest free, and it is not expected to be repaid in the next twelve months.

13. Inventories

	Group	
	2022 RMB'000	2021 RMB'000
Raw materials	86,678	210,004
Finished goods	18,272	3,532
	104,950	213,536

Cost of inventories recognised in cost of sales amounted to approximately RMB 4,568,884,000 (2021: RMB 2,895,762,000) during the financial year.

14. Trade and other receivables

	Group	
	2022 RMB'000	2021 RMB'000
Trade receivables – third parties	35,683	9,071
Less: loss allowance (Note 30)	(1,169)	(1,169)
	34,514	7,902
Prepayments	402	374
Advances to suppliers	269,265	94,764
Others	1,856	1,194
Less: loss allowance	(175)	(368)
	305,862	103,866

Trade receivables from third parties, arising from the Group's contract with its customers, are non-interest bearing and are generally on credit term of 10 days (2021: 10 days). They are recognised at their original invoice amounts which represents their fair values on initial recognition.

The details of the impairment of trade receivables and credit exposures are disclosed in Note 30.

15. Due from/to related parties

	Group		Company	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Due from a related party				
Trade	25,444	64,650	-	-
Non-trade	703	2,218	68	68
	26,147	66,868	68	68
Due to related parties				
Non-trade	9,874	8,040	4,536	4,151

The trade and non-trade amount due from/to related parties are unsecured, interest-free and are repayable on demand.

16. Derivative financial instruments

	Group 2022 RMB'000	Group 2021 RMB'000
Derivatives contracts		
Commodity physical derivative instruments	-	156
Commodity paper derivative instruments	2,298	-
Foreign currency forward contracts	3,962	-
	6,260	156

The Group enters into derivatives, in which it agrees to exchange the difference between the fixed and floating prices, calculated by reference to an agreed-upon principal quantity, with its counterparties.

As at 31 December 2022, the fair value of LPG derivatives is estimated at RMB 2,298,000 (2021: RMB 156,000). The fair values of physical LPG derivative instruments were determined based on price indices after adjusting for contract specific factors. The fair values of LPG paper derivative instruments were determined based on closing quoted market prices on the last market day of the financial year.

Foreign currency forward contracts

The Group is a party to foreign currency forward contracts to manage its foreign exchange exposures arising from its foreign currency denominated business transactions. The instruments purchased are primarily denominated in Euro.

The following details the foreign currency forward contracts outstanding as at 31 December:

Group	Average exchange rate 2022	Average exchange rate 2021	Notional values 2022 RMB'000	Notional values 2021 RMB'000	Settlement date
Nature					
Sell Euro buy USD	1.052	-	55,619	-	28 March 2023

As at 31 December 2022, the fair value of currency derivatives is estimated at RMB 3,962,000 (2021: Nil). The fair values are measured based on estimated valuation derived from market quotations.

17. Margin deposits

Margin deposits are placed with an established financial institution for commodity future contracts trading and are non-interest bearing.

The carrying amounts of margin deposits approximate their fair values.

18. Pledged fixed deposits

Fixed deposits at the end of the financial year have an average maturity period of 3 months (2021: 3 months) from the end of the financial year.

Fixed deposits are pledged with financial institutions as security for banking facilities granted to the Group. The effective interest rate for those fixed deposits is at 0.30% (2021: 0.30%) per annum. The carrying amounts of pledged fixed deposits approximate their fair values.

19. Cash and cash equivalents

	Group		Company	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Cash balances	1,451	228	-	-
Bank balances	130,397	143,625	6,457	11,535
	131,848	143,853	6,457	11,535

The carrying amounts of cash and cash equivalents approximate their fair values.

As at 31 December 2022, the Group has cash and cash equivalents placed with banks in the PRC amounting to RMB 125,322,000 (2021: RMB 132,318,000). The repatriation of the cash into Singapore is subject to the Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations in the PRC.

20. Trade and other payables

	Group		Company	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Trade payables	1,125	105,930	-	-
Accrued expenses	5,092	5,089	1,622	1,291
Interest payable	1,743	426	-	-
Contract liabilities	43,059	46,932	-	-
Due to a director	2,586	2,369	2,586	2,369
Deposit received	-	1,480	-	-
Others	6,707	9,235	25	15
Total trade and other payables	60,312	171,461	4,233	3,675

Trade payables are non-interest bearing and are normally settled on 30 days (2021: 30 days) terms while other payables have an average term of 10 days (2021: 10 days).

Amount due to a director is non-trade in nature, unsecured, interest-free and is repayable on demand.

Contract liabilities relate to advances from customers. A contract liability is recognised for the advances received from customers and is derecognised as and when the performance obligation is met.

Deposit received pertains to security deposit from a customer who is using the designated warehouse of the Group to trade on DCE.

21. Due to a subsidiary and holding company

Amount due to a subsidiary and holding company are non-trade in nature, unsecured, interest-free and are repayable on demand. The carrying amount of amount due to a subsidiary and holding company approximates their fair values.

22. Bank borrowings

	Group	
	2022	2021
	RMB'000	RMB'000
Trust receipts	163,951	42,080
Bank loan A	-	150,000
Bank loan B	-	10,000
Bank loan C	80,000	-
Bank loan D	84,750	-
Bank loan E	65,250	-
	393,951	202,080

Trust receipts were secured by pledged fixed deposits (Note 18) and corporate guarantees from related parties and personal guarantee by a director.

The average effective borrowing rates for trust receipts range between 2.09% (2021: 4.15%) and 4.93% (2021: 6.00%).

The Group's bank borrowings consist mainly of Bank loan A, B, C, D and E:

- Bank loan A relates to Renminbi denominated bank loan that is secured by pledged fixed deposits (Note 18) and corporate guarantees from related parties and personal guarantee by a director. The effective interest rate of the bank loan at the reporting date is 4.15% per annum. The loan has been fully repaid during the financial year.

- Bank loan B relates to unsecured Renminbi denominated bank loan and is repayable in 4 tranches. Repayment commences on 21 December 2020 and in instalments with final instalment on 23 January 2022. The effective interest rate of the bank loan at the reporting date is 6% per annum. The loan has been fully repaid during the financial year.

- Bank loan C relates to secured Renminbi denominated bank loan secured by corporate guarantees from related parties and personal guarantee by a director. The bank loan term is 1 year and repayable in February 2023. The effective interest rate of the bank loan at the reporting date is 4.15% per annum.

- Bank loan D relates to secured Renminbi denominated bank loan secured by corporate guarantees from related parties and personal guarantee by a director. The bank loan term is 1 year and repayable in February 2023. The effective interest rate of the bank loan at the reporting date is 4.15% per annum.

- Bank loan E relates to secured Renminbi denominated bank loan secured by corporate guarantees from related parties and personal guarantee by a director. The bank loan term is 1 year and repayable in June 2023. The effective interest rate of the bank loan at the reporting date is 4.15% per annum.

The carrying amounts of bank borrowings approximate their fair values.

23. The Group as a lessee

The Group leases office premises, land and vessel for 1 to 30 years.

The Group leases port terminals for 6 to 10 years. The Group is restricted from entering any sublease arrangement for these leases.

Extension options

The Group has several lease contracts with extension options exercisable by the Group up to 3 months before the end of the non-cancellable contract period. These extension options are exercisable by the Group and not by the lessors. The extension options are used by the Group to provide operation flexibility in terms of managing the assets used in the Group's operation.

23(a) Right-of-use assets

The carrying amount of right-of-use assets by class of underlying asset classified within property, plant and equipment as follows:

	Office premises and land RMB'000	**Port terminals RMB'000**	**Vessel RMB'000**	**Total RMB'000**
Group				
At 1 January 2021	4,673	13,731	9,361	27,765
Modification of lease	-	-	(5,560)	(5,560)
Depreciation	(1,278)	(4,349)	(3,801)	(9,428)
At 31 December 2021	3,395	9,382	-	12,777
Addition	-	27,504	-	27,504
Termination of lease	-	(3,009)	-	(3,009)
Depreciation	(1,278)	(4,092)	-	(5,370)
At 31 December 2022	2,117	29,785	-	31,902

The total cash outflow for leases during the financial year ended 31 December 2022 is RMB 6,969,000 (2021: RMB 10,614,000).

23(b) Lease liabilities

	Group	
	2022 RMB'000	**2021 RMB'000**
Lease liabilities- non-current	27,683	8,005
Lease liabilities - current	5,294	5,874
	32,977	13,879

The maturity analysis of lease liabilities is disclosed in Note 30.

23. The Group as a lessee (Continued)

23(c) Amounts recognised in profit or loss

	Group	
	2022	**2021**
	RMB'000	**RMB'000**
Interest expense on lease liabilities	1,871	1,229
Expense relating to short-term leases	6,500	4,425

24. Deferred tax liabilities

	Balance sheet		Statement of comprehensive income	
	2022	**2021**	**2022**	**2021**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Differences in depreciation for tax purposes and provisions	2,186	2,326	(140)	2,326

25. Share capital

	Group and Company					
	2022	**2021**	**2022**		**2021**	
	No. of ordinary shares					
	'000	**'000**	**USD'000**	**RMB'000**	**USD'000**	**RMB'000**
Authorised (of USD0.05 each)	1,000,000	1,000,000	50,000	390,000	50,000	390,000
Issued and fully paid						
At 1 January and 31 December	383,288	383,288	19,164	149,488	19,164	149,488

The Company has one class of ordinary shares which carry no right to fixed income.

The holders of ordinary shares are entitled to receive dividends as and when declared. All ordinary shares carry one vote per share without restriction.

26. Share premium

	Group and Company			
	2022		**2021**	
	US$'000	**RMB'000**	**US$'000**	**RMB'000**
At 1 January and 31 December	16,704	130,298	16,704	130,298

Share premium is the capital of the Company raised upon issuing shares that was in excess of the par value of the shares of USD 0.05.

27. Statutory reserve

According to the relevant PRC regulations and the Articles of Association of the PRC subsidiary, it is required to transfer 10% of its profit after income tax, as determined under China's General Accepted Accounting Principles, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. The transfer to this reserve must be made before the distribution of dividends to equity owners. Statutory surplus reserve can be used to make good previous years' losses, if any, and may be converted into paid-in capital in proportion to the existing interests of equity owners, provided that the balance after such conversion is not less than 25% of the registered capital.

28. Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency exchange differences arising from the translation of the financial statements of the Company whose functional currency is different from that of the Group's presentation currency. Movement in this account is set out in the consolidated statement of changes in equity.

29. Significant related party transactions

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

- (i) Has control or joint control over the Company;
- (ii) Has significant influence over the Company; or
- (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
- (vi) The entity is controlled or jointly controlled by a person identified in (a);
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

The effect of the Group's and Company's transactions and arrangements with related parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

29. Significant related party transactions (Continued)

During the financial year, in addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions took place during the financial year at terms agreed between the parties:

(a) Sale and purchases of goods and services

	Group	
	2022 **RMB'000**	**2021** **RMB'000**
Revenue		
Sale of LPG to related parties	666,517	227,396
Expenses		
Purchase of property, plant and equipment from a related party	(6,079)	-
Lease of port terminals, land use rights, office premises and staff dormitory paid to related parties	(6,075)	(5,741)
LPG transportation freight charges paid to related party	(8,567)	(4,496)
Lease of storage facilities paid to related party	(6,500)	(4,425)

(b) Compensation of key management personnel

The remuneration of directors of the Group during the financial year are as follows:

	Group	
	2022 **RMB'000**	**2021** **RMB'000**
Directors' fees	447	475
Directors' salaries	1,529	941
	1,976	1,416

30. Financial instruments and financial risk

Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statements of financial position and as follows:

	Note	Group 2022 RMB'000	Group 2021 RMB'000
Financial assets at fair value through profit or loss			
Derivatives financial assets	16	6,260	156
Financial assets at amortised cost			
Trade receivables – third parties	14	34,514	7,902
Other receivables *(excluding prepayment and advance to suppliers)*	14	1,681	826
Due from a related party	15	26,147	66,868
Margin deposits	17	-	387
Pledged fixed deposits	18	81,986	7,912
Cash and cash equivalents	19	131,848	143,853
		276,176	227,748
Financial liabilities at amortised cost			
Trade payables	20	1,125	105,930
Other payables *(excluding contract liabilities)*	20	16,128	18,599
Due to a related party	15	9,874	8,040
Due to a holding company	21	1,741	1,593
Bank borrowings	22	393,951	202,080
Lease liabilities	23	32,977	13,879
		455,796	350,121

	Note	Company 2022 RMB'000	Company 2021 RMB'000
Financial assets at amortised cost			
Cash and cash equivalents	19	6,457	11,535
Due from a related party	15	68	68
		6,525	11,603
Financial liabilities at amortised cost			
Trade and other payables	20	4,233	3,675
Due to related parties	15	4,536	4,151
Due to a subsidiary	21	37,992	36,511
Due to a holding company	21	1,741	1,593
		48,502	45,930

The Group's activities expose it to credit risk, liquidity risk, and market risk (including interest rate risk and foreign currency risk). The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Group management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

30. Financial instruments and financial risk (Continued)

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of their counterparties' financial condition. The Group does not hold any collateral as security over their customers.

The Group's and the Company's major classes of financial assets are cash and cash equivalents, trade and other receivables, amount due from related parties and pledged fixed deposits.

As at 31 December 2022 and 2021, substantially all the deposit paid, margin deposits, pledged fixed deposits and cash and cash equivalents as detailed in Notes 14, 17, 18 and 19 respectively, are held in major financial institutions which are regulated and located in the PRC, which management believes are of high credit quality. The management does not expect any losses arising from non-performance by these counterparties.

To assess and manage its credit risk, the Group categorises the aforementioned financial assets and contract assets according to their risk of default. The Group defines default to have taken place when internal or/and external information indicates that the financial asset is unlikely to be received, which could include a breach of debt covenant, default of interest due for more than 30 days, but not later than when the financial asset is more than 90 days past due as per IFRS 9's presumption.

The Group has not rebutted the presumption included in IFRS 9 that there has been a significant increase in credit risk since initial recognition when financial assets are more than 30 days past due.

In their assessment, the management considers, amongst other factors, the latest relevant credit ratings from reputable external rating agencies where available and deemed appropriate, historical credit experiences, latest available financial information and latest applicable credit reputation of the debtor.

The Group's internal credit risk grading categories are as follows:

Category	Description	Basis of recognising ECL
1	Low credit risks(Note1)	12-months ECL
2	Non-significant increase in credit risks since initial recognition and financial asset is ⩽ 30 days past due	12-months ECL
3	Significant increase in credit risk since initial recognition(Note 2) or financial asset is > 30 days past due	Lifetime ECL
4	Evidence indicates that financial asset is credit-impaired(Note 3)	Difference between financial asset's gross carrying amount and present value of estimated future cash flows discounted at the financial asset's original effective interest rate
5	Evidence indicates that the management has no reasonable expectations of recovering the write off amount (Note 4)	Written-off

30. Financial instruments and financial risk (Continued)

Credit risk (Continued)

Note 1. Low credit risk

The financial asset is determined to have low credit risk if the financial assets have a low risk of default, the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparty to fulfil its contractual cash flow obligations. Generally, this is the case when the Group assesses and determines that the debtor has been, is in and is highly likely to be, in the foreseeable future and during the (contractual) term of the financial asset, in a financial position that will allow the debtor to settle the financial asset as and when it falls due.

Note 2. Significant increase in credit risk

In assessing whether the credit risk of the financial asset has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial asset as of reporting date with the risk of default occurring on the financial asset as of date of initial recognition, and considered reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. In assessing the significance of the change in the risk of default, the Group considers both past due and forward looking quantitative and qualitative information. Forward looking information includes the assessment of the latest performance and financial position of the debtor, adjusted for the Group's future outlook of the industry in which the debtor operates based on independently obtained information and the most recent news or market talks about the debtor, as applicable. In its assessment, the Group will generally, for example, assess whether the deterioration of the financial performance and/or financial position, adverse change in the economic environment (country and industry in which the debtor operates), deterioration of credit risk of the debtor, etc. is in line with its expectation as of the date of initial recognition of the financial asset.

Note 3. Credit impaired

In determining whether financial assets are credit-impaired, the Group assesses whether one or more events that have a detrimental impact on the estimated future cashflows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the debtor;
- Breach of contract; such as default or being more than 90 days past due;
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for the financial asset because of financial difficulties.

Note 4. Write off

Generally, the Group writes off, partially or fully, the financial asset when it assesses that there is no realistic prospect of recovery of the amount as evidenced by, for example, the debtor's lack of assets or income sources that could generate sufficient cashflows to repay the amounts subjected to the write-off.

The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

The Group and Company do not have any significant credit exposure to any single counterparty or any groups of counterparties having similar characteristics.

30. Financial instruments and financial risk (Continued)

Credit risk (Continued)

At the reporting date, the Group's trade receivables comprise 3 customers (2021: 1 customer), a related party of the Group and 2 unrelated customers (2021: a related party of the Group), that represented more than 78% (2021: 88%) of the carrying amount of total trade receivables. The Group's primary exposure to credit risk arises relating to trade receivables and is limited due to the Group's many varied customers. These customers are engaged in a wide spectrum of industries.

Trade receivables (includes amount due from a related party) (Note 14 and 15)

The Group uses the practical expedient under IFRS 9 in the form of allowance matrix to measure the ECL for trade receivables, where the loss allowance is equal to lifetime ECL.

The ECL for trade receivables are estimated using an allowance matrix by reference to the historical credit loss experience of the customers for the last 3 years prior to the respective reporting dates for various customer groups that are assessed by geographical locations, product types and internal ratings, adjusted for forward looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the financial assets. In considering the impact of the economic environment on the ECL rates, the Group assesses, for example, the gross domestic production growth rates of the countries and the growth rates of the major industries which its customers operate in.

Trade receivables are written off when there is evidence to indicate that the customer is in severe financial difficulty such as being under liquidation or bankruptcy and there is no reasonable expectations for recovering the outstanding balances.

The loss allowance for trade receivables are determined as follows:

		Past due				
	Current	**1 to 30 days**	**31 – 60 days**	**61 – 90 days**	**More than 90 days**	**Total**
31 December 2022						
Expected credit loss rates	0%	0%	0%	0%	100%	
Trade receivables (gross) – third parties (RMB'000)	34,705	-	-	-	978	35,683
Trade receivables (gross) – related parties (RMB'000)	25,444	-	-	-	-	25,444
Loss allowance (including credit impaired) (RMB'000)	191	-	-	-	978	1,169
31 December 2021						
Expected credit loss rates	0%	0%	0%	0%	100%	
Trade receivables (gross) – third parties (RMB'000)	8,093	-	-	-	978	9,071
Trade receivables (gross) – related parties (RMB'000)	64,650	-	-	-	-	64,650
Loss allowance (including credit impaired) (RMB'000)	191	-	-	-	978	1,169

As of 31 December 2022, the Group recorded trade amount due from a related party of RMB 25,444,000 (2021: RMB 64,650,000). The Group assessed the latest performance and financial position of the related party, adjusted for the future outlook of the industry which the related party operates in and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial asset. Accordingly, the Group determined that the ECL is insignificant.

30. Financial instruments and financial risk (Continued)

Credit risk (Continued)

The movement in the loss allowance during the financial year and the Group's exposure to credit risk in respect of the trade receivables, amount due from a related party and other receivables is as follows:

Internal credit risk grading	Trade receivables – third parties			Amount due from a related party			Other receivables		
	Note (i)	Category 4	Total	Note (i)	Category 1	Total	Category 1	Category 4	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Loss allowance									
At 1 January 2021	-	899	899	-	-	-	-	368	368
Assets recognised/originated	-	270	270	-	-	-	-	-	-
At 31 December 2021	-	1,169	1,169	-	-	-	-	368	368
Reversal of utilised amount	-	-	-	-	-	-	-	(193)	(193)
At 31 December 2022	-	1,169	1,169	-	-	-	-	175	175
Gross carrying amount									
At 31 December 2021	7,902	1,169	9,071	64,650	2,218	66,868	826	368	1,194
At 31 December 2022	34,514	1,169	35,683	25,444	703	26,147	1,681	175	1,856
Net carrying amount									
At 31 December 2021	7,902	-	7,902	64,650	2,218	66,868	826	-	826
At 31 December 2022	34,514	-	34,514	25,444	703	26,147	1,681	-	1,681

Note (i) For trade receivables, the Group uses the practical expedient under IFRS 9 in the form of an allowance matrix to measure the ECL, where then loss allowance is equal to lifetime ECL.

30. Financial instruments and financial risk (Continued)

Liquidity risk

Liquidity risk refers to the risk in which the Group encounters difficulties in meeting its short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The following table details the Group's remaining contractual maturity for its non-derivative financial instruments. The table has been drawn up based on contractual undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group is expected to receive or (pay).

Group	Effective interest rate %	Less than 1 year RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Undiscounted financial assets					
Trade receivables – third parties	-	34,514	-	-	34,514
Other receivables *(excluding prepayment, advance to suppliers and VAT tax receivables)*[i]	-	1,681	-	-	1,681
Due from a related party	-	26,147	-	-	26,147
Pledged fixed deposits	0.3	81,986	-	-	81,986
Cash and cash equivalents	-	131,848	-	-	131,848
As at 31 December 2022		276,176	-	-	276,176
Trade receivables – third parties	-	7,902	-	-	7,902
Other receivables *(excluding prepayment, advance to suppliers and tax receivables)*	-	826	-	-	826
Due from a related party	-	66,868	-	-	66,868
Margin deposits	-	387	-	-	387
Pledged fixed deposits	0.3	7,912	-	-	7,912
Cash and cash equivalents	-	143,853	-	-	143,853
As at 31 December 2021		227,748	-	-	227,748
Undiscounted financial liabilities					
Trade payables	-	1,125	-	-	1,125
Other payables *(excluding contract liabilities)*	-	16,128	-	-	16,128
Due to related parties	-	9,874	-	-	9,874
Due to holding company	-	1,741	-	-	1,741
Bank borrowings, fixed interest rates	2.09 – 4.93	393,951	-	-	393,951
Lease liabilities	4.65 – 6.55	6,892	21,089	11,259	39,240
As at 31 December 2022		429,711	21,089	11,259	462,059
Trade payables	-	105,930	-	-	105,930
Other payables *(excluding VAT tax payables and advance from customers)*	-	18,599	-	-	18,599
Due to related parties	-	8,040	-	-	8,040
Due to holding company	-	1,593	-	-	1,593
Bank borrowings, fixed interest rates	4.15 - 6.00	202,080	-	-	202,080
Lease liabilities	4.00 - 6.00	6,586	8,968	-	15,554
As at 31 December 2021		342,828	8,968	-	351,796
Total undiscounted net financial liabilities - at 31 December 2022		(153,535)	(21,089)	(11,259)	(185.883)
- at 31 December 2021		(115,080)	(8,968)	-	(124,048)

(i) Excludes derivative financial instruments.

30. Financial instruments and financial risk (Continued)

Liquidity risk (Continued)

Company	Effective interest rate %	Less than 1 year RMB'000	2 to 5 years RMB'000	Total RMB'000
Undiscounted financial assets				
Cash and cash equivalents	-	6,457	-	6,457
Due from a related party	-	68	-	68
As at 31 December 2022	-	6,525	-	6,525
Cash and cash equivalents	-	11,535	-	11,535
Due from a related party	-	68	-	68
As at 31 December 2021	-	11,603	-	11,603
Undiscounted financial liabilities				
Trade and other payables	-	4,233	-	4,233
Due to related parties	-	4,536	-	4,536
Due to a subsidiary	-	37,992	-	37,992
Due to holding company	-	1,741	-	1,741
As at 31 December 2022	-	48,502	-	48,502
Trade and other payables	-	3,675	-	3,675
Due to related parties	-	4,151	-	4,151
Due to a subsidiary	-	36,511	-	36,511
Due to holding company	-	1,593	-	1,593
As at 31 December 2021	-	45,930	-	45,930
Total undiscounted net financial liabilities				
- At 31 December 2022		(41,977)	-	(41,977)
- At 31 December 2021		(34,327)	-	(34,327)

The table below analyses the cash flows of derivative financial instruments that are not essential for an understanding of the timing of the cash flows. The cash flows of the instruments are grouped into relevant maturity groupings based on the expected settlement date of the cash flows from the balance sheet date.

Group	Effective interest rate %	Less than 1 year RMB'000	2 to 5 years RMB'000	Total RMB'000
Derivatives contracts				
Gross-settled:				
Commodity paper derivative instruments	-	2,298	-	2,298
Foreign currency forward contracts	-	3,962	-	3,962
As at 31 December 2022	-	6,260	-	6,260
Gross-settled:				
Commodity physical derivative instruments	-	156	-	156
As at 31 December 2021	-	156	-	156

30. Financial instruments and financial risks (Continued)

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and commodity price risk which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management policies is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The Group is not exposed to interest rate risk as the Group does not have significant variable interest-bearing financial instruments as at 31 December 2022.

Foreign currency risk

The Group is exposed to foreign currency risk on certain income, expenses, monetary assets, mainly cash and cash equivalents, and liabilities that are denominated in currencies other than the functional currencies of the respective entities in the Group. As at the reporting date, the Group and Company do not have significant foreign currency risk exposure except for the financial assets and liabilities denominated in United States dollar ("USD"), Singapore dollar ("SGD") and Euro ("EUR").

The carrying amounts of the Group's and Company's foreign currency denominated monetary assets and monetary liabilities as at the end of the financial year are as follows:

Group 2022	**USD RMB'000**	**RMB RMB'000**	**SGD RMB'000**	**EUR RMB'000**	**Total RMB'000**
Financial assets					
Trade receivables – third parties	5,000	29,514	-	-	34,514
Other receivables *(excluding Prepayment and advance to suppliers)*	-	1,681	-	-	1,681
Derivatives financial instruments	-	6,260	-	-	6,260
Due from a related party	-	26,147	-	-	26,147
Pledged fixed deposits	-	26,367	-	55,619	81,986
Cash and cash equivalents	6,598	125,124	70	54	131,846
	11,598	215,093	70	55,673	282,434
Financial liabilities					
Trade payables	1,125	-	-	-	1,125
Other payables *(excluding contract liabilities)*	2,420	11,122	2,586	-	16,128
Due to related parties	3,763	6,111	-	-	9,874
Due to a holding company	1,741	-	-	-	1,741
Bank borrowings	144,951	249,000	-	-	393,951
Lease liabilities	-	32,977	-	-	32,977
	154,000	299,210	2,586	-	455,796
Net financial (liabilities)/assets	(142,402)	(84,117)	(2,516)	55,673	(173,362)
Less: Net liabilities/(assets) denominated in respective entities functional currency	4,062	84,117	-	-	88,179
Currency exposure	(138,340)	-	(2,516)	55,673	(85,183)

30. Financial instruments and financial risk (Continued)

Market risk (Continued)

Foreign currency risk (Continued)

Group 2021	**USD RMB'000**	**RMB RMB'000**	**SGD RMB'000**	**Total RMB'000**
Financial assets				
Trade receivables – third parties	-	7,902	-	7,902
Other receivables *(excluding prepayment, advance to suppliers and VAT tax receivables)*	-	826	-	826
Derivatives financial instruments	-	156	-	156
Due from a related party	-	66,868	-	66,868
Margin deposits		387	-	387
Pledged fixed deposits	-	7,912	-	7,912
Cash and cash equivalents	21,271	122,582	*	143,853
	21,271	206,633	-	227,904
Financial liabilities				
Trade payables	105,930	-	-	105,930
Other payables *(excluding VAT tax payables and advance from customers)*	2,385	14,924	1,290	18,599
Due to related parties	3,444	3,889	707	8,040
Due to a holding company	1,593	-	-	1,593
Bank borrowings	42,080	160,000	-	202,080
Lease liabilities	-	13,879	-	13,879
	155,432	192,692	1,997	350,121
Net financial (liabilities)/assets	(134,161)	13,941	(1,997)	(122,217)
Less: Net liabilities/(assets) denominated in respective entities functional currency	-	(13,941)	-	(13,941)
Currency exposure	(134,161)	-	(1,997)	(136,158)

Company 2022	**USD RMB'000**	**RMB RMB'000**	**SGD RMB'000**	**Total RMB'000**
Financial assets				
Due from a related party	-	68	-	68
Cash and cash equivalents	6,448	5	4	6,457
	6,448	73	4	6,525
Financial liabilities				
Trade and other payables	4,233	-	-	4,233
Due to a subsidiary	-	37,992	-	37,992
Due to a related party	4,536	-	-	4,536
Due to holding company	1,741	-	-	1,741
	10,510	37,992	-	48,502
Net financial (liabilities)/assets	(4,062)	(37,919)	4	(41,977)
Less: Net liabilities denominated in functional currency	4,062	-	-	4,062
Currency exposure	-	(37,919)	4	(37,915)

* less than RMB1,000

30. Financial instruments and financial risk (Continued)

Market risk (Continued)

Foreign currency risk (Continued)

Company 2021	**USD RMB'000**	**RMB RMB'000**	**SGD RMB'000**	**Total RMB'000**
Financial assets				
Due from a related party	-	68	-	68
Cash and cash equivalents	11,075	460	*	11,535
	11,075	528	*	11,603
Financial liabilities				
Trade and other payables	2,385	-	1,290	3,675
Due to a subsidiary	-	36,511	-	36,511
Due to a related party	3,444	-	707	4,151
Due to holding company	1,593	-	-	1,593
	7,422	36,511	1,997	45,930
Net financial liabilities	3,653	(35,983)	(1,997)	(34,327)
Less: Net liabilities denominated in functional currency	(3,653)	-	-	(3,653)
Currency exposure	-	(35,983)	(1,997)	(37,980)

Foreign currency sensitivity analysis

A 10% strengthening of RMB against the following currencies at the end of the financial year would increase or (decrease) consolidated profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group			
	Consolidated profit or loss		**Other component or equity**	
	2022 RMB'000	**2021 RMB'000**	**2022 RMB'000**	**2021 RMB'000**
As at 31 December				
USD	13,834	13,416	-	-
SGD	252	200	-	*
EUR	(5,567)	-	-	-

* less than RMB 1,000

31. Fair value of assets and liabilities

The fair values of applicable assets and liabilities are determined and categorised using a fair value hierarchy as follows:

(a) Level 1 – the fair values of assets and liabilities with standard terms and conditions and which trade in active liquid markets that the Group can access at the measurement date are determined with reference to quoted market prices (unadjusted).

(b) Level 2 – in the absence of quoted market prices, the fair values of the assets and liabilities (excluding derivative instruments) are determined using the other observable, either directly or indirectly, inputs such as quoted prices for similar assets/liabilities in active markets, quoted prices for identical or similar assets/liabilities in non-active markets.

(c) Level 3 – in the absence of quoted market prices included within Level 1 and observable inputs included within Level 2, the fair values of the remaining assets and liabilities are determined in accordance with generally accepted pricing models.

31. Fair value of assets and liabilities (Continued)

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Recurring Fair Value Measurement	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Group			
2022			
Financial assets:			
Derivative financial instruments	2,298	3,962	-
2021			
Financial assets:			
Derivative financial instruments	-	156	-

Except as disclosed in the respective notes, the carrying amounts of the current financial assets and financial liabilities approximate their respective fair values.

32. Capital management policies and objectives

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of debts, which includes the borrowings disclosed in Note 22 and equity attributable to equity holders of the Company, comprising share capital, share premium, statutory reserve, foreign currency translation reserve, and accumulated losses as disclosed in consolidated statement of financial position.

The Group manages its capital structure by making necessary adjustments to it in response to the changes in economic conditions.

The Group and the Company manage capital by regularly monitoring its current and expected liquidity requirements. The Group and the Company are subject to the rules and regulations of the foreign exchange control promulgated by the PRC government for conversion of RMB into foreign currencies.

As disclosed in Note 27, a subsidiary of the Group is required by the relevant PRC regulations to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities.

The Group also monitors capital on the basis of the debt to equity ratio. This ratio is calculated as total liabilities divided by equity. Total liabilities are sum of "current liabilities" and "non-current liabilities" and equity is "shareholders' equity" as shown in the statements of financial position.

32. Capital management policies and objectives (Continued)

The debt-equity ratios as at 31 December 2022 and 2021 were as follows:

	Group	
	2022	**2021**
	RMB'000	**RMB'000**
Total liabilities	524,044	417,132
Equity	288,642	240,214
Debt to equity ratio	1.82	1.74

The management is continuously considering various measures to improve on the ratio above.

The Group's overall strategy remains unchanged from 2021.

33. Segment reporting

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker (Note 2.17).

The principal operation of the Group relates almost entirely to the import, processing, storage and distribution of LPG in the PRC and Asia Pacific region. All the non-current assets are located in the PRC.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical presence of the markets.

Distribution of total sales by geographical markets:

	Group	
	2022	**2021**
	RMB'000	**RMB'000**
PRC	4,639,525	3,414,593
Asia Pacific	5,176	148,942
	4,644,701	3,563,535

Major customers

The revenues from one customer, which is a related party, of the Group's trading segment represent approximately RMB 496,036,000 (2021: RMB 217,940,000).

The Group's results and assets are mainly pertaining to the PRC market.

STATISTICS OF SHAREHOLDINGS

As at 20 March 2023

Authorised share capital	:	US$50,000,000
Issued share capital	:	US$19,164,400
No. of issued and fully paid shares	:	383,288,000
Class of shares	:	Ordinary shares of US$0.05 each
Voting rights	:	One vote per share

The Company does not hold any treasury shares.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	1	0.06	20	0.00
100 - 1,000	56	3.34	52,700	0.01
1,001 - 10,000	742	44.22	5,349,600	1.40
10,001 - 1,000,000	865	51.55	55,354,800	14.44
1,000,001 and above	14	0.83	322,530,880	84.15
Total	**1,678**	**100.00**	**383,288,000**	**100.00**

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Liang Guo Zhan [(1)]	22,974,000	5.99	220,914,000	57.64
High Tree Worldwide Ltd.	220,914,000	57.64	-	-

Note:-

(1) High Tree Worldwide Ltd. is wholly-owned by Mr. Liang Guo Zhan, the Executive Chairman of the Company. Mr. Liang Guo Zhan is thus deemed to have an interest in the shares held by High Tree Worldwide Ltd. Such shares are registered in the name of CGS-CIMB Securities (Singapore) Pte. Ltd.

TWENTY LARGEST SHAREHOLDERS
As at 20 March 2023

	NAME OF SHAREHOLDER	NO. OF SHARES	%
1	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	245,874,780	64.15
2	LIANG GUO ZHAN	22,974,000	5.99
3	PHILLIP SECURITIES PTE LTD	19,908,200	5.19
4	XU RIZHAO	17,139,100	4.47
5	MAYBANK SECURITIES PTE. LTD.	4,219,000	1.10
6	LI KUN	1,791,000	0.47
7	KALINAR INVESTMENTS PTE LTD	1,700,000	0.44
8	CHEN ZEFENG	1,641,000	0.43
9	GAN TIAM SIANG	1,527,500	0.40
10	UOB KAY HIAN PTE LTD	1,299,000	0.34
11	KIM SENG HOLDINGS PTE LTD	1,190,000	0.31
12	TAN ENG CHUA EDWIN	1,114,300	0.29
13	GOH KAK SING	1,100,000	0.29
14	LEE LENG LOKE	1,053,000	0.27
15	LIM KHENG MOH	1,000,000	0.26
16	CHIANG LIEW CHIN NEE YONG LIEW CHIN	900,000	0.23
17	OCBC SECURITIES PRIVATE LTD	808,000	0.21
18	CHEN SHAOWEN	806,000	0.21
19	DBS NOMINEES PTE LTD	790,100	0.21
20	CHUA GEOK CHENG	760,000	0.20
	TOTAL:	**327,594,980**	**85.46**

FREE FLOAT

Based on the information provided to the Company as at 20 March 2023, approximately 35.9% of the issued ordinary shares of the Company was held by the public. Accordingly, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

The term “Shareholders” used herein shall refer to registered holders of shares, except where the registered holder is The Central Depository (Pte) Limited, the term shall refer to the depositors whose securities accounts are credited with shares.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of OUHUA ENERGY HOLDINGS LIMITED (the "Company") will be held at Tulip Room, Peninsula Tower, Level 5, Peninsula Excelsior Hotel, 5 Coleman Street, Singapore 179805, on Thursday, 20 April 2023 at 10:00 a.m. (Singapore time), and at any adjournment thereof (the "Annual General Meeting") for the following purposes:-

AS ORDINARY BUSINESS:-

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2022 together with the report of the Auditors and Directors' Statement.
(Resolution 1)

2. To re-elect the following Directors retiring pursuant to the following Bye-Laws of the Company and who, being eligible, offer themselves for re-election:-

   Mr Liang Guo Zhan (Bye-Law 104 of the Company's Bye-Laws) **(Resolution 2)**

   Mr Zhang Jinming (Bye-Law 104 of the Company's Bye-Laws) **(Resolution 3)**

   [See Explanatory Note 1]

3. To approve the payment of Directors' fees of S$99,000 for the financial year ended 31 December 2022.
(Resolution 4)

4. To re-appoint Messrs Mazars LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

5. To transact any other ordinary business that may be properly transacted at an Annual General Meeting.

AS SPECIAL BUSINESS:-

6. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

   "That authority be and is hereby given to the Directors to:-

   (A) (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

   (B) (notwithstanding that this authority may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this authority was in force,

   provided that:-

   (1) the aggregate number of shares to be issued pursuant to such authority (including shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed

50% of the issued share capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to the existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed 20% of the issued share capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued share capital shall be based on the issued share capital of the Company at the time this authority is given, after adjusting for:-

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this authority is passed; and

(ii) any subsequent consolidation or sub-division of shares;

(3) in exercising the authority conferred by this authority, the Company shall comply with the provisions of the SGX-ST Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Bye-Laws for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."

[see Explanatory Note 2] **(Resolution 6)**

7. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

"That approval be and is hereby given for the purpose of Chapter 9 of the Listing Manual of the SGX-ST for the Company and its subsidiary to enter into any of the transactions falling within the types of interested person transactions as set out in the Appendix to the Annual Report 2022 (the "Appendix") with the interested persons described in the Appendix, provided that such transactions are transacted on normal commercial terms and will not be prejudicial to the interests of the Company and the minority shareholders of the Company and in accordance with the guidelines and procedures as set out in the Appendix and that such approval (the "Shareholders' Mandate") shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate."

[see Explanatory Note 3] **(Resolution 7)**

BY ORDER OF THE BOARD

Chia Foon Yeow
Company Secretary
Singapore
29 March 2023

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

(1) Mr Liang Guo Zhan will, upon re-election as Director of the Company, remain as a CEO and executive Chairman of the Company.

Mr Zhang Jinming will, upon re-election as Director of the Company, remain as an executive Director.

(2) Ordinary Resolution 6 proposed in item 6 above, if passed, will empower the Directors of the Company to allot and issue shares and convertible securities in the Company. The number of shares and convertible securities that the Directors may allot and issue under this Resolution would not exceed in aggregate 50% of the issued share capital of the Company. For the allotment and issue of shares and convertible securities otherwise than on a pro rata basis to all shareholders, the aggregate number shall not exceed 20% of the issued share capital of the Company. The percentage of issued capital is based on the Company's issued capital at the time the proposed Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time the proposed Ordinary Resolution is passed and any subsequent consolidation or subdivision of shares. This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting or date by which the next Annual General Meeting is required by law to be held, whichever is the earlier.

(3) Ordinary Resolution 7 proposed in item 7 above is to renew the Shareholders' Mandate for transactions with interested persons and if passed, will empower the Directors of the Company to do all acts necessary to give effect to the Resolution. This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting.

IMPORTANT NOTES:

(i) The Annual General Meeting will be held, in a wholly physical format, at Tulip Room, Peninsula Tower, Level 5, Peninsula Excelsior Hotel, 5 Coleman Street, Singapore 179805 on Thursday, 20 April 2023 at 10:00 a.m., pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. **There will be no option for shareholders to participate virtually.** Printed copies of this Notice and the accompanying proxy form will not be sent to members of the Company. Instead, these documents will be made available to members on SGX's website at https://www.sgx.com/securities/company-announcements and on the Company's corporate website at http://www.ohwa.com.sg

(ii) Arrangements relating to attendance at the Annual General Meeting by members, including CPF/SRS investors, submission of questions to the Chairman of the Annual General Meeting by members, including CPF/SRS investors, in advance of, or at, the Annual General Meeting, addressing of substantial and relevant questions in advance of, or at, the Annual General Meeting, and voting at the Annual General Meeting by the members, including CPF/SRS investors, or (where applicable) duly appointed proxy(ies), are set out in the accompanying Company's announcement dated 29 March 2023. This announcement may be accessed via the SGX's website at https://www.sgx.com/securities/company-announcements and the Company's corporate website at http://www.ohwa.com.sg

(iii) Each of the resolutions to be put to the vote of shareholders at the Annual General Meeting (and any adjournment thereof) will be voted on by way of a poll.

(iv) A proxy need not be a shareholder of the Company.

(v) A shareholder who is a natural person need not submit the Depositor Proxy Form if he is attending the Annual General Meeting in person. Where a shareholder is a corporation and wishes to be represented at the Annual General Meeting, it must nominate not more than two persons ("Appointees"), who shall be natural persons, to attend and vote as proxy for The Central Depository (Pte) Limited ("Depository") at the Annual General Meeting. Where such shareholder's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(vi) Unless the Depository specifies otherwise in a written notice to the Company, the Depository shall be deemed to have appointed as the Depository's proxies to vote on behalf of the Depository at the Annual General Meeting each of the Depositors who are individuals and whose names are shown in the records of the Depository as at a time not earlier than 72 hours prior to the time of the Annual General Meeting. Therefore, such Depositors (as defi ned in the Bye-Laws of the Company) who are individuals can attend and vote at the Annual General Meeting without the lodgement of any "Depositor Proxy Form", which is the proxy form titled "Annual General Meeting – Depositor Proxy Form" despatched to shareholders who are Depositors.

(vii) A shareholder who is a Depositor may nominate not more than two Appointees, who shall be natural persons, to attend and vote in his/her/its place as proxy for the Depository in respect of his/her/its shares entered against his/her/its name in the Depository Register, by completing the Depositor Proxy Form in accordance with the instructions stated therein and depositing the duly completed Depositor Proxy Form at the office of the Company's Singapore Share Transfer Agent, Tricor Barbinder Share Registration Services, either by hand at 80 Robinson Road, #11-02, Singapore 068898 or by post at 80 Robinson Road, #02-00, Singapore 068898 not less than 72 hours before the time appointed for the Annual General Meeting.

(viii) A shareholder may nominate not more than two Appointees, who shall be natural persons, to attend and vote in his/her/its place in respect of his/her/its shares registered in his/her/its name in the Register of Members of the Company, by completing the proxy form titled "Proxy Form" despatched together with this Annual Report to Depositors ("Shareholder Proxy Form") in accordance with the instructions stated therein and depositing the duly completed Shareholder Proxy Form at the office of the Company's Singapore Share Transfer Agent, Tricor Barbinder Share Registration Services, either by hand at 80 Robinson Road, #11-02, Singapore 068898 or by post at 80 Robinson Road, #02-00, Singapore 068898 not less than 72 hours before the time appointed for the Annual General Meeting.

(ix) Completion and return of the instrument appointing a proxy or proxies by a shareholder will not prevent him/her from attending, speaking and voting at the Annual General Meeting if he/she so wishes. The appointment of the proxy(ies) for the Annual General Meeting will be deemed to be revoked if the shareholder attends the Annual General Meeting in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy or proxies to the Annual General Meeting.

PERSONAL DATA PRIVACY:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting of the Company and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

Appendix

29 March 2023

This Appendix is circulated to Shareholders of Ouhua Energy Holdings Limited (the "Company") together with the Company's annual report. Its purpose is to explain to Shareholders the rationale and provide information to Shareholders for the proposed renewal of the Shareholders' Mandate (as defined in this Appendix) to be tabled at the Annual General Meeting of the Company to be held at Tulip Room, Peninsula Tower, Level 5, Peninsula Excelsior Hotel, 5 Coleman Street, Singapore 179805, on Thursday, 20 April 2023 at 10:00 a.m. (Singapore time).

The Notice of Annual General Meeting is enclosed with the Annual Report.

If you are in any doubt as to the contents herein or as to any action you should take, you should consult your broker, bank manager, accountant or other professional adviser immediately.

The Singapore Exchange Securities Trading Limited takes no responsibility for the correctness or accuracy of any of the statements made, reports contained/referred to, or opinions expressed, in this Appendix.

OUHUA ENERGY HOLDINGS LIMITED

(Incorporated in Bermuda on 3 January 2006)
(Company Registration Number 37791)

APPENDIX

IN RELATON TO

THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

DEFINITIONS

In this Appendix, the following definitions apply throughout unless otherwise stated:

Group Companies

"Chaozhou Ouhua"	:	潮洲市欧华能源有限公司 (Chaozhou Ouhua Energy Co, Ltd.)
"Company" or "Ouhua Energy"	:	Ouhua Energy Holdings Limited (欧华能源控股有限公司)
"Group"	:	Our Company and our PRC subsidiary, Chaozhou Ouhua

Other Companies and Organisations

"CDP"	:	The Central Depository (Pte) Limited
"Huafeng Group"	:	潮州市华丰集团有限公司 (Chaozhou Huafeng (Group) Ltd)
"Huafeng Incorporation"	:	潮州华丰集团股份有限公司 (Chaozhou Huafeng (Group) Incorporation Ltd)
"Huafeng Refining"	:	潮州市华丰造气厂有限公司 (Chaozhou Huafeng Refining Co., Ltd)
"Huafeng Zhongtian"	:	广东华丰中天液化天然气有限公司 (Guangdong Huafeng Zhongtian LNG Co., Ltd)
"Huaxin Energy"	:	潮州市华新能源有限公司 (Chaozhou Huaxin Energy Co., Ltd)
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Zhongzhan New Energy"	:	广东中湛新能源有限公司 (formerly known as 潮州市中凯华丰能源连锁配送有限公司) (Guangdong Zhongzhan New Energy Technology Co., Ltd)
"Zhongzhan Petrochemical"	:	广东中湛石油化工有限公司 (formerly known as 潮州市华丰石油产品仓储有限公司) (Guangdong Zhongzhan Petrochemical Co., Ltd.)

General

"Act" or "Companies Act"	:	Companies Act 1967 of Singapore, as amended or modified from time to time
"AGM"	:	Annual General Meeting
"Associate"	:	(a) in relation to any Director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:-

		(i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;
		(b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
"Audit Committee"	:	The audit committee of our Company
"Directors"	:	The directors of our Company
"Latest Practicable Date"	:	29 March 2022, being the latest practicable date prior to printing of this Appendix
"Listing Manual"	:	The Listing Manual of the SGX-ST
"PRC"	:	People's Republic of China, excluding Taiwan, the Macau Special Administrative Region of the People's Republic of China and the Hong Kong Special Administrative Region of the People's Republic of China, for the purpose of this Prospectus and for geographical reference only
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Shares"	:	Ordinary shares of US$0.05 each in the capital of our Company
"Shareholders"	:	Registered holders for the time being of the Shares, except where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares mean the Depositors whose securities accounts are credited with Shares

Currencies, Units and Others

"RMB" or "Renminbi"	:	The lawful currency of the PRC
"%" or "per cent."	:	Per centum or percentage

The terms "Depositor", "Depository Agent" and "Depository Register" shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act 2001 of Singapore.

Any references to "we", "our", and "us" or other grammatical variations thereof in this Appendix is a reference to our Company, our Group or any member of our Group, as the context requires.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act and any statutory modification thereof or the Listing Manual and used in this Appendix shall, where applicable, have the meaning assigned to it under the Companies Act, such statutory modification or the Listing Manual, as the case may be.

APPENDIX

1. INTRODUCTION

The purpose of this Appendix is to provide Shareholders with the relevant information relating to, and to seek Shareholders' approval at the AGM to renew the general mandate ("Shareholders' Mandate") that will enable the Group to enter into transactions with the Interested Persons (as defined below) in compliance with Chapter 9 of the Listing Manual.

Chapter 9 of the Listing Manual applies to transactions which a listed company or any of its unlisted subsidiaries or unlisted associated companies proposes to enter with an interested person of the listed company. An "interested person" is defined as a director, chief executive officer or controlling shareholder of the listed company or an Associate of such director, chief executive officer or controlling shareholder.

Under Chapter 9 of the Listing Manual, a listed company 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 listed company's interested persons, but not for the purchase or sale of assets, undertakings or businesses.

Pursuant to Chapter 9 of the Listing Manual, the Shareholders' Mandate, which was approved by the Shareholders on 13 September 2006 and renewed on 25 April 2007， 28 April 2008, 30 April 2009, 28 April 2010, 29 April 2011, 26 April 2012, 30 April 2013, 29 April 2014, 30 April 2015, 29 April 2016, 15 June 2017, 20 April 2018, 30 April 2019, 30 April 2020, 22 April 2021, and 6 June 2022, will continue in force until the forthcoming AGM. Accordingly, the Directors propose that the Shareholders' Mandate be renewed at the AGM to be held on 20 April 2023, to take effect until the next AGM of the Company.

2. RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

2.1 Categories of Interested Persons

The Shareholders' Mandate will apply to our Group's transactions with Huafeng Group, Huafeng Incorporation, Huaxin Energy, Huafeng Refining, Huafeng Zhongtian, Zhongzhan New Energy and Zhongzhan Petrochemical.

<u>Huafeng Group</u>

Huafeng Group is a company incorporated in the PRC and is primarily engaged in investment holding. Mr. Liang Guo Zhan, the Executive Chairman of our Company, owns 80% of Huafeng Group while Ms. Liang Yaling, the Non-Executive Director of our Company, owns 20% of Huafeng Group respectively.

<u>Huafeng Incorporation</u>

Huafeng Incorporation is a company incorporated in the PRC and is primarily engaged in investment holding and the distribution of liquefied petroleum gas ("LPG") to end-users through its LPG retail stations in the PRC. Huafeng Group owns 99.29% of Huafeng Incorporation while Haohuafeng Gas Station of Anbu, Chaozhou City owns 0.71% of Huafeng Incorporation.

<u>Zhongzhan Petrochemical</u>

Zhongzhan Petrochemical is a company incorporated in the PRC and is primarily engaged in the storage of petroleum and related products in the PRC. Huafeng Incorporation owns 100% of Zhongzhan Petrochemical.

<u>Huaxin Energy</u>

Huaxin Energy is a company incorporated in the PRC and is primarily engaged in the wholesale of methanol and leasing of storage facilities. Huafeng Refining owns 75% of Huaxin Energy while Huaneng International Trading Co. Ltd. owns the remaining 25%.

Huafeng Refining

Huafeng Refining is a company incorporated in the PRC and is primarily engaged in the construction of gas storage and dedicated oil and gas terminals, providing port terminal facilities and military cargo handling and warehousing services for ships. Huafeng Incorporation owns 24.68% of Huafeng Refining while Huaneng International Trading Co. Ltd owns the remaining 75.32%.

Huafeng Zhongtian

Huafeng Zhongtian is a company incorporated in the PRC and is primarily engaged in the (i) construction, operation and management of liquefied natural gas storage and distribution stations and pipeline projects, (ii) management of liquefied natural gas and natural gas utilisation projects, (iii) investment management and consulting services in natural gas-related industries, (iv) sale of liquefied natural gas, and (v) sale and maintenance of supporting equipment for liquefied natural gas projects. Huafeng Incorporation owns 45% of Huafeng Zhongtian while Changchun Sinoenergy Corporation owns the remaining 55%.

Zhongzhan New Energy

Zhongzhan New Energy is a company incorporated in the PRC and is primarily engaged in the packaging and distribution of LPG to end-users through its LPG retail stations in the PRC. Huafeng Incorporation owns 100% of Zhongzhan New Energy.

2.2 Categories of interested person transactions and the rationale and benefits derived from the interested person transactions

The transactions covered by the Shareholders' Mandate and the rationale and benefits to be derived from the interested person transactions are set out below:-

(i) Use of LPG storage facilities

Zhongzhan Petrochemical was previously operating as a tier-two gas distributor. It ceased operations as an LPG distributor when Huafeng Refining commenced operations in 2003. We did not acquire these storage facilities as it was not cost-effective to do so. Zhongzhan Petrochemical's storage facilities are situated in a different location from our production facility, hence we will incur costs in the transportation of LPG to these storage facilities. However, in the event that our storage facilities become insufficient due to a sudden surge in demand, we may make use of the LPG storage facilities provided by Zhongzhan Petrochemical. Our Directors believe that this is beneficial to our Group as this will provide us with additional storage facilities should such a demand arise on short notice.

(ii) Sale of LPG

We sell our LPG to Zhongzhan New Energy, which is engaged in the distribution of LPG to end-consumers through its LPG retail stations in the PRC. As we do not have LPG stations in the PRC, our sales to Zhongzhan New Energy allow us to leverage on its network of retail stations for wider end-consumer reach. Our Directors believe that it is beneficial to our Group to continue selling our LPG to Zhongzhan New Energy as long as it has the demand for LPG and such sales are made on prices and terms not more favourable to it than those extended to unrelated third parties.

(iii) Lease of LPG transportation vehicles and storage facilities

Due to the nature of our products, we require specialised vehicles to transport and store our products. As we have insufficient LPG transportation vehicles and storage vehicles, our Directors believe that the vehicle lease agreements with Huafeng Incorporation and storage facility lease agreement with Huaxin Energy are beneficial to our Group as they provide our Group with access to reliable transportation for our products at market prices and give us greater assurance that such services will continue uninterrupted and will not be terminated on short notice.

(iv) Lease of port terminals, land use rights, office premises and staff dormitory

Instead of acquiring port terminals, land use rights, office premises and staff dormitory, our Group has decided to lease these assets from Huafeng Refining and Huafeng Zhongtian to reduce our capital investment so as to achieve higher return on capital which we expect will in turn enhance the Shareholders' value. Our Directors believe that the long-term leasing agreements are beneficial to our Group as they will provide our Group with access to these assets and give us greater assurance that such leases will continue uninterrupted and will not be terminated on short notice.

Transactions with interested persons that do not fall within the ambit of the Shareholders' Mandate shall be subject to the relevant provisions of Chapter 9 and/or other applicable provisions of the Listing Manual.

2.3 Rationale for and benefits of the Shareholders' Mandate

The Shareholders' Mandate and the renewal of the Shareholders' Mandate on an annual basis will eliminate the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential transactions with the relevant interested persons arise, thereby reducing substantially, the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to us.

The Shareholders' Mandate is intended to facilitate transactions in our normal course of business, provided that they are carried out on an arm's length basis and on normal commercial terms and are not prejudicial to the interests of our Company and our minority Shareholders.

Disclosure will be made in our annual report of the aggregate value of interested person transactions conducted pursuant to the Shareholders' Mandate during the current financial year, and in the annual reports for the subsequent financial years during which the Shareholders' Mandate is in force. In addition, we will announce the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the relevant financial period within the required time frame stipulated in the Listing Manual.

2.4 Guidelines and Review Procedures under Shareholders' Mandate

We have implemented the following procedures to supplement existing internal control procedures to ensure that interested person transactions are undertaken on an arm's length basis and on normal commercial terms consistent with our usual business practice and policies, which are generally no more favourable to the interested persons than those extended to unrelated third parties.

To ensure that interested person transactions are undertaken on an arm's length basis, on commercial terms and are not prejudicial to the interests of our Company and our minority Shareholders, the Shareholders' Mandate incorporates the following review procedures:-

(a) When selling our products to interested persons, the sale price and terms of the sale shall be based on two most recent transactions with unrelated third parties and on terms which are no more favourable to the interested persons as compared to the price and terms extended to unrelated third parties (including where applicable, preferential rates/prices/discounts accorded for bulk purchases/delivery arrangement/credit terms) or otherwise in accordance with applicable industry norms;

(b) When engaging the services of interested persons, at least two other quotations from unrelated third parties will be obtained for comparison. The fees charged shall not be higher than the most competitive fee quoted by the unrelated third parties and the terms extended by the interested persons shall not be less favourable to us than the terms extended by unrelated third parties. In determining the most competitive price, all pertinent factors, including but not limited to quality, specifications and requirements, duration of contracts, credit terms, delivery arrangement and track record will be taken into consideration; and

(c) In cases where it is not possible to obtain comparables from other unrelated third parties due to the nature of the transaction (for example, if there are no unrelated third party vendors providing a similar service), we will consider whether the pricing of the transaction is in accordance with usual business practices and pricing policies and consistent with the usual margins to be obtained for the same or substantially similar types of transactions to determine whether the relevant transaction is undertaken on an arm's length basis and on normal commercial terms. In determining the transaction price, factors including, but not limited to quantity, specifications and requirements, duration of contracts, credit terms, delivery arrangement and track record will be taken into consideration.

In addition, to supplement our internal procedures to ensure that all interested person transactions covered by the Shareholders' Mandate will be carried out on normal commercial terms and will not be prejudicial to the interests of our Group and its minority Shareholders, the following limits for all interested person transactions will be applied:-

(i) where an individual transaction is below RMB 500,000, such transaction will be subject to prior approval by our Chief Financial Officer and/or General Manager;

(ii) where an individual transaction is equal to or in excess of RMB 500,000, such transaction will be subject to prior approval by our Audit Committee; and

(iii) where the aggregate value of all transactions with the same interested person in the same financial year is equal to or in excess of RMB 20.0 million, all transactions comprising such an amount will be reviewed by our Audit Committee to ensure that they are carried out on normal commercial terms and in accordance with the procedures set out in the Shareholders' Mandate. All transactions which have been reviewed by the Audit Committee will be excluded from the aggregation of transactions for the purpose of this review.

A register will be maintained by our Company to record all interested person transactions (and the basis on which they are entered into) which are entered into pursuant to the Shareholders' Mandate and the approval or review by our Audit Committee, our Chief Financial Officer and/or our General Manager, as the case may be. In the event that our Chief Financial Officer, General Manager or any member of our Audit Committee (where applicable) is interested in any interested person transactions, he will abstain from reviewing and/or approving that particular transaction.

Our Company shall, on a half-yearly basis, report to our Audit Committee on all interested person transactions, and the basis of such transactions, entered into with the interested persons during the preceding quarter. Our Audit Committee shall review such interested person transactions at its half-yearly meetings except where such interested person transactions are required under the review procedures to be approved by our Audit Committee prior to the entry thereof.

The Company's annual internal audit plan shall incorporate a review of all interested person transactions, including the established review procedures for the monitoring of such interested person transactions, entered into during the current financial year pursuant to the Shareholders' Mandate.

Our Audit Committee believes that the above guidelines and procedures are sufficient to ensure that these interested person transactions will be on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of our Company and our minority Shareholders. Our Audit Committee shall review from time to time such guidelines and procedures to determine if they continue to be adequate and/or commercially practicable in ensuring that the interested person transactions are conducted on an arm's length basis and on normal commercial terms.

Our Audit Committee will also carry out periodic reviews (not less than twice in a financial year) to ensure that the established guidelines and procedures for interested person transactions have been complied with and the relevant approvals have been obtained. Further, if during these periodic reviews, our Audit Committee is of the view that the above guidelines and procedures are not sufficient to ensure that these interested person transactions will be on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of our Company and our minority Shareholders, we will revert to our Shareholders for a fresh mandate based on new guidelines and procedures for transactions with interested persons. During the period prior to obtaining a fresh mandate from our Shareholders, all transactions with interested persons will be subject to prior review and approval by our Audit Committee.

3. AUDIT COMMITTEE'S STATEMENT

(i) The Audit Committee (currently comprising Mr Gerald Yeo @ Yeo Ah Khe, Mr Limjoco Ross Yu and Ms Liang Yaling) has reviewed the terms of the Shareholders' Mandate and confirms that the methods and procedures for determining the transaction prices under the Shareholders' Mandate have not changed since the last Shareholders' approval which took place on 6 June 2022 and that such methods and procedures are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of our Company and our minority Shareholders.

(ii) If, during the periodic reviews by the Audit Committee, the Audit Committee is of the view that the established guidelines and procedures are not sufficient to ensure that the interested person transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of our Company and our minority Shareholders, our Company will seek a fresh mandate from Shareholders based on new guidelines and procedures for transactions with interested persons.

(iii) The Audit Committee will also ensure that all disclosure and approval requirements for interested person transactions, including those required by the prevailing legislation, the Listing Manual and/or the applicable accounting standards, as the case may be, are complied with.

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and substantial shareholders of our Company in Shares as at the Latest Practicable Date are set out below:-

	Direct Interest		**Deemed Interest**	
	Number of Shares	**%**	**Number of Shares**	**%**
Directors				
Liang Guo Zhan(1)	22,974,000	5.99	220,914,000	57.64
Gerald Yeo @ Yeo Ah Khe	-	-	-	-
Limjoco Ross Yu	-	-	-	-
Liang Yaling	-	-	1,791,000	0.47
Zhang Jinming	-	-	-	-
Substantial Shareholders				
Liang Guo Zhan	22,974,000	5.99	220,914,000	57.64
High Tree Worldwide Ltd(1)	220,914,000	57.64	-	-

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 Ltd. Such shares are registered in the name of CGS-CIMB Securities (Singapore) Pte.Ltd.

Mr. Liang Guo Zhan, Ms. Liang Yaling and High Tree Worldwide Ltd. will abstain, and have undertaken to ensure that their respective Associates will abstain, from voting at the forthcoming AGM on the ordinary resolution relating to the renewal of the Shareholders' Mandate.

5. DIRECTORS' RECOMMENDATION

Having fully considered the rationale set out in this Appendix, the Directors who are considered independent for the purposes of the proposed renewal of the Shareholders' Mandate, namely Mr Gerald Yeo @ Yeo Ah Khe, Mr Limjoco Ross Yu and Mr Zhang Jinming, believe that the Shareholders' Mandate is in the interest of the Company and recommend that Shareholders vote in favour of the ordinary resolution to approve the same as set out in the Notice of AGM.

6. ANNUAL GENERAL MEETING

The AGM, notice of which is set out in the Annual Report 2022 of the Company, will be held on at Tulip Room, Peninsula Tower, Level 5, Peninsula Excelsior Hotel, 5 Coleman Street, Singapore 179805, on Thursday, 20 April 2023 at 10:00 a.m. (Singapore time), for the purpose of considering and, if thought fit, passing with or without any modifications, the ordinary resolution relating to the renewal of the Shareholders' Mandate at the AGM as set out in the Notice of AGM.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the AGM and who wish to appoint a proxy to attend and vote at the AGM on their behalf must complete, sign and return the proxy form attached to the Notice of AGM, in accordance with the instructions on the proxy form. Shareholders who wish to submit a proxy form must first download the proxy form from the SGX's website at https://www.sgx.com/securities/company-announcements or the Company's corporate website at http://www.ohwa.com.sg, complete and sign the proxy form, before submitting the duly executed proxy form in the manner described therein.

To be valid and effective, the proxy form must be deposited at the office of the Company's Singapore Share Transfer Agent, Tricor Barbinder Share Registration Services, either by hand or by post at 80 Robinson Road #11-02 Singapore 068898 or sent by e-mail to sg.is.proxy@sg.tricorglobal.com not less than 72 hours before the time appointed for holding the AGM.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the interested person transactions disclosed hereunder, the Company and its subsidiary, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in the Appendix 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 Appendix in its proper form and context.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

Additional Information on Directors Seeking Re-Appointment

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, we set out below the additional information on Mr Liang Guo Zhan and Mr Zhang Jinming, who are seeking re-appointment as Directors at the forthcoming Annual General Meeting. The information shall be read in conjunction with their respective biographies on pages 13 to 14.

	Mr Liang Guo Zhan	**Mr Zhang Jinming**
Date of Appointment	11/01/2006	22/04/2021
Date of Last Re-Appointment (if applicable)	22/04/2021	-
Age	57	52
Country of Principal Residence	China	China
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Liang as Executive Director of the Company was recommended by the Nominating Committee (NC) and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experiences and overall contributions since he was appointed as a Director of the Company. Mr Liang has abstained from the deliberation of the Board pertaining to his re-election.	The re-election of Mr Zhang as an Executive Director was recommended by the Nominating Committee (NC) and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experiences and overall contributions since he was appointed as a Director of the Company. Mr Zhang has abstained from the deliberation of the Board pertaining to his re-election.
Whether appointment is executive, and if so, the area of responsibility	Executive Director, CEO and Chairman	Executive Director
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director	Executive Director
Professional qualifications	Diploma in Business Management, Beijing Society Academic Institute	Bachelor's Degree in Oil and Gas Storage and Transportation, China University of Petroleum
Working experience and occupation(s) during the past 10 years	Please refer to Mr Liang's biography set out under the section "Board of Directors" of the Annual Report.	Please refer to Mr Zhang's biography set out under the section "Board of Directors" of the Annual Report.
Shareholding interest in the Company and its subsidiaries	Mr Liang has direct interest in 22,974,000 shares and deemed interest in 220,914,000 shares held by High Tree Worldwide Ltd, which is wholly-owned by Mr Liang.	None

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

	Mr Liang Guo Zhan	Mr Zhang Jinming
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the Company or of any of its principal subsidiaries	Yes Mr Liang is the brother of Ms Liang Yaling, the Non-Executive Director of the Company.	None
Conflict of interest (including any competing business)	None	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the Company	Yes	Yes
OTHER PRINCIPAL COMMITMENTS INCLUDING DIRECTORSHIPS		
Past (for the last 5 years)	None	None
Present	None	None
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

	Mr Liang Guo Zhan	Mr Zhang Jinming
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No

	Mr Liang Guo Zhan	Mr Zhang Jinming
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :—		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

	Mr Liang Guo Zhan	Mr Zhang Jinming
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, **in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?**	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

CORPORATE INFORMATION

BOARD OF DIRECTORS
Liang Guo Zhan (Executive Chairman)
Zhang Jinming (Executive Director)
Gerald Yeo (Lead Independent Director)
Limjoco Ross Yu (Independent Director)
Liang Yaling (Non-Executive Director)

BERMUDA RESIDENT REPRESENTATIVE
Ocorian Services (Bermuda) Limited
Victoria Place
5th Floor, 31 Victoria Street
Hamilton HM10
Bermuda

COMPANY SECRETARY
Chia Foon Yeow

REGISTERED OFFICE
Victoria Place
5th Floor, 31 Victoria Street
Hamilton HM10
Bermuda

COMPANY REGISTRATION NUMBER
37791

PRINCIPAL PLACE OF BUSINESS
Long Wan Suo Cheng Town
Raoping County, Chaozhou City
Guangdong Province
The People's Republic of China

BERMUDA PRINCIPAL REGISTRAR AND TRANSFER AGENT
Ocorian Management (Bermuda) Limited
Victoria Place
5th Floor, 31 Victoria Street
Hamilton HM10
Bermuda

SINGAPORE SHARE TRANSFER AGENT
Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road #02-00
PWC Building
Singapore 068898

AUDITOR OF THE COMPANY
Mazars LLP
Public Accountants and Chartered Accountants
135 Cecil Street #10-01
Singapore 069536
Partner-in-charge: Zhang Liang
(Appointed with effect since financial year ended 31 December 2022)

PRINCIPAL BANKERS
Bank of China
Macau Branch
Bank of China Building
Avenida Doutor Mario Soares Macau
The People's Republic of China
Bank of China
Shenzhen Branch
29 Longxiang Road
Longgang Centre Area, Labour Building
Shenzhen, Guangdong Province
The People's Republic of China

Shenzhen Development Bank Co., Ltd.
Guangzhou Branch, Liuhua Sub-branch
2/F International Banking Centre
191 Dongfengxi Road
Guangzhou City, Guangdong Province
The People's Republic of China

Bank of China
Chaozhou Branch
Chaozhou Road, Bank of China Building
Chaozhou City, Guangdong Province
The People's Republic of China

Industrial and Commercial Bank of China
Chaozhou Branch
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