
OUHUA ENERGY HOLDINGS LIMITED
(Company registration number: 37791)
AND ITS SUBSIDIARIES

Condensed Financial Statements

For the six months and full year ended 31 December 2023

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OUHUA ENERGY HOLDINGS LIMITED AND ITS SUBSIDIARIES
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	<u>Note</u>	<u>Group</u> <u>Six months ended</u>			<u>Group</u> <u>Full year ended</u>		
		31 Dec 2023	31 Dec 2022	%	31 Dec 2023	31 Dec 2022	%
		RMB'000	RMB'000	change	RMB'000	RMB'000	change
Revenue	4	1,633,386	2,290,416	(28.7)	3,362,603	4,644,701	(27.6)
Cost of sales		<u>(1,517,631)</u>	<u>(2,180,517)</u>	(30.4)	<u>(3,223,072)</u>	<u>(4,459,657)</u>	(27.7)
Gross profit		115,755	109,899	5.3	139,531	185,044	(24.6)
Other operating income	5	4,487	5,797	(22.6)	8,493	10,764	(19.3)
Selling and distribution expenses		(32,535)	(33,123)	(1.8)	(63,332)	(70,974)	(10.8)
Administrative expenses		(11,727)	(13,084)	(10.4)	(20,313)	(20,049)	1.3
Other operating expenses	6	(12,638)	(4,207)	200.4	(20,089)	(22,934)	(12.4)
Profit from operations before interest		<u>63,342</u>	<u>65,282</u>	(3.0)	<u>44,290</u>	<u>81,851</u>	(45.7)
Finance costs	7	<u>(9,293)</u>	<u>(9,130)</u>	1.8	<u>(18,596)</u>	<u>(15,179)</u>	22.5
Profit before income tax	8	54,049	56,152	(3.7)	25,694	66,672	(61.2)
Income tax	10	<u>(6,913)</u>	<u>(13,672)</u>	(49.4)	<u>(6,913)</u>	<u>(18,166)</u>	(61.9)
Net profit for the financial period		<u>47,136</u>	<u>42,480</u>	10.9	<u>18,781</u>	<u>48,506</u>	(60.9)
Other comprehensive income							
Foreign currency translation differences		<u>3,312</u>	<u>(1,326)</u>	N.M.	<u>134</u>	<u>(77)</u>	N.M.
Total comprehensive income for the financial period		<u>50,448</u>	<u>41,154</u>	22.5	<u>18,915</u>	<u>48,429</u>	(60.5)
Profit attributable to:							
Equity holder of the Company		47,136	42,480		18,888	48,506	
Non-controlling interests		<u>-</u>	<u>-</u>		<u>(107)</u>	<u>-</u>	
		<u>47,136</u>	<u>42,480</u>		<u>18,781</u>	<u>48,506</u>	
Total comprehensive income attributable to:							
Equity holder of the Company		50,448	41,154		19,022	48,429	
Non-controlling interests		<u>-</u>	<u>-</u>		<u>(107)</u>	<u>-</u>	
		<u>50,448</u>	<u>41,154</u>		<u>18,915</u>	<u>48,429</u>	

“N.M.” – Not Meaningful

The accompanying notes form an integral part of the financial statements

OUHUA ENERGY HOLDINGS LIMITED AND ITS SUBSIDIARIES
Condensed Statements of Financial Position

	<u>Note</u>	<u>Group</u>		<u>Company</u>	
		<u>(Unaudited)</u>	<u>(Audited)</u>	<u>(Unaudited)</u>	<u>(Audited)</u>
		<u>As at 31 Dec 2023</u>	<u>As at 31 Dec 2022</u>	<u>As at 31 Dec 2023</u>	<u>As at 31 Dec 2022</u>
		<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Non-current assets					
Property, plant and equipment	13	224,559	155,633	-	-
Intangible assets	35	3,522	-	-	-
Investment in subsidiaries	14	-	-	284,277	284,277
Total non-current assets		<u>228,081</u>	<u>155,633</u>	<u>284,277</u>	<u>284,277</u>
Current assets					
Inventories	15	246,220	104,950	-	-
Trade and other receivables	16	297,901	305,862	-	-
Due from a related party	17	71,934	26,147	68	68
Derivative financial assets	18	-	6,260	-	-
Margin deposit	19	-	-	-	-
Pledged fixed deposits	20	40,006	81,986	-	-
Cash and cash equivalents	21	161,122	131,848	13,266	6,457
Total current assets		<u>817,183</u>	<u>657,053</u>	<u>13,334</u>	<u>6,525</u>
Total assets		<u>1,045,264</u>	<u>812,686</u>	<u>297,611</u>	<u>290,802</u>
Current liabilities					
Trade and other payables	22	171,626	60,312	4,341	4,233
Due to related parties	17	9,564	9,874	4,613	4,536
Due to a subsidiary		-	-	50,126	37,992
Due to holding company	23	1,771	1,741	1,771	1,741
Bank borrowings	24	477,127	393,951	-	-
Lease liabilities-current	25	10,665	5,294	-	-
Income tax payable		11,140	23,003	-	-
Total current liabilities		<u>681,893</u>	<u>494,175</u>	<u>60,851</u>	<u>48,502</u>
Non-current liabilities					
Deferred tax liabilities	26	7,728	2,186	-	-
Lease liabilities-non-current	25	46,338	27,683	-	-
Total non-current liabilities		<u>54,066</u>	<u>29,869</u>	<u>-</u>	<u>-</u>
Total liabilities		<u>735,959</u>	<u>524,044</u>	<u>60,851</u>	<u>48,502</u>
Net assets		<u>309,305</u>	<u>288,642</u>	<u>236,760</u>	<u>242,300</u>
Issued capital and reserves attributable to owners of the Company					
Share capital	27	149,488	149,488	149,488	149,488
Share premium	28	130,298	130,298	130,298	130,298
Statutory reserve	29	20,953	18,730	-	-
Foreign currency translation reserve	30	3,796	3,662	(41,441)	(40,719)
Non-controlling interest		4,147	-	-	-
Treasury shares	31	(2,506)	-	(2,506)	-
Accumulated profit / (losses)		3,129	(13,536)	921	3,233
Total equity		<u>309,305</u>	<u>288,642</u>	<u>236,760</u>	<u>242,300</u>

The accompanying notes form an integral part of the financial statements

OUHUA ENERGY HOLDINGS LIMITED AND ITS SUBSIDIARIES
Condensed Consolidated Statement of Changes in Equity

<u>Group</u>	<u>Share capital</u>	<u>Treasury share</u>	<u>Share premium</u>	<u>Statutory reserve</u>	<u>Foreign exchange translation reserve</u>	<u>Accumulated losses</u>	<u>Non-controlling interests</u>	<u>Total equity</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Balance at 1 January 2022	149,488	-	130,298	15,662	3,739	(58,973)	-	240,214
Profit for the financial year	-	-	-	-	-	48,505	-	48,505
Transfer to statutory reserve	-	-	-	3,068	-	(3,068)	-	-
<i>Other comprehensive income:</i>	-	-	-	-	-	-	-	-
Exchange differences on translating foreign operations	-	-	-	-	(77)	-	-	(77)
Total comprehensive (loss)/ income for the financial year	-	-	-	3,068	(77)	45,437	-	48,428
Balance at 31 Dec 2022	<u>149,488</u>	<u>-</u>	<u>130,298</u>	<u>18,730</u>	<u>3,662</u>	<u>(13,536)</u>	<u>-</u>	<u>288,642</u>
Balance at 1 January 2023	149,488	-	130,298	18,730	3,662	(13,536)	-	288,642
Profit for the financial year	-	-	-	-	-	18,888	(107)	18,781
<i>Transfer to statutory reserve</i>	-	-	-	2,223	-	(2,223)	-	-
<i>Purchase of treasury shares</i>	-	(2,506)	-	-	-	-	-	(2,506)
Exchange differences on translating foreign operations	-	-	-	-	134	-	-	134
Total comprehensive (loss)/income for the financial year	-	(2,506)	-	2,223	134	16,665	(107)	16,409
Arising from acquisition	-	-	-	-	-	-	4,254	4,254
Balance at 31 Dec 2023	<u>149,488</u>	<u>(2,506)</u>	<u>130,298</u>	<u>20,953</u>	<u>3,796</u>	<u>3,129</u>	<u>4,147</u>	<u>309,305</u>

The accompanying notes form an integral part of the financial statements

OUHUA ENERGY HOLDINGS LIMITED AND ITS SUBSIDIARIES
Condensed Consolidated Statement of Cash Flows

		<u>12 months ended</u>	
	<u>Note</u>	<u>31 Dec 2023</u>	<u>31 Dec 2022</u>
		RMB'000	RMB'000
Cash flows from operating activities			
Profit before income tax		25,694	66,671
Adjustments for:			
Depreciation of property, plant and equipment	13	20,284	21,415
Amortisation of intangible assets		44	-
Gain from modification of lease		-	(299)
Interest income		(566)	(862)
Interest expense		18,596	15,179
Loss on disposal of property, plant and equipment		16	128
Fair value gain/loss on derivatives	5	-	(3,764)
Operating profit before working capital changes		<u>64,068</u>	<u>98,468</u>
Working capital changes:			
Inventories		(141,270)	108,586
Trade and other receivables		12,875	(201,996)
Due from related parties		(45,787)	40,721
Trade and other payables		86,655	(106,039)
Margin deposits		-	387
Cash used in operations		<u>(23,459)</u>	<u>(59,873)</u>
Interest received		566	862
Income tax paid		(16,246)	(18,166)
Net cash used in operating activities		<u>(39,139)</u>	<u>(77,177)</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment	13	(16,537)	(31,913)
Acquisition of subsidiary		(10,971)	-
Proceeds from disposal of derivative financial instruments		6,260	-
Proceeds from disposal of property, plant and equipment		174	-
Purchase of derivative financial instruments		-	(2,340)
Net cash flows used in investing activities		<u>(21,074)</u>	<u>(34,253)</u>
Cash flows from financing activities			
Increase in pledged fixed deposits		41,980	(70,795)
Repayment (to)/from related parties		(9,933)	1,834
Proceeds from bank borrowings		477,127	823,662
Repayment of lease liabilities		(7,212)	(6,969)
Repayment of bank borrowings		(410,134)	(650,696)
Purchase of treasury shares		(2,506)	-
Effect of foreign currency re-alignment on financing activities		30	2,318
Net cash generated from financing activities		<u>89,352</u>	<u>99,354</u>
Effect of foreign exchange rate change in cash and cash equivalent		135	71
Net increase/(decrease) in cash and cash equivalents		29,139	(12,076)
Cash and cash equivalents at beginning of the financial year		<u>131,848</u>	<u>143,853</u>
Cash and cash equivalents at end of the financial year		<u><u>161,122</u></u>	<u><u>131,848</u></u>

The accompanying notes form an integral part of the financial statements

OUHUA ENERGY HOLDINGS LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED 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 mainboard of 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 14 to the financial statement.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial information has 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 financial information does not contain all the information required for full annual financial statements. 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 information 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.

2.2 Use of judgements and estimates

In preparing the condensed financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

OUHUA ENERGY HOLDINGS LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of significant accounting policies

2.3 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with IFRSs, except for the adoption of new and amended standards as set out below.

New standards and amendments adopted by the Group

During the current financial year, the Group and the Company have adopted the following amendments to IFRSs which took effect from financial year beginning 1 January 2023:

- Amendments to IFRS 16 Covid-19-Related Rent Concessions
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

The adoption of the above amendments to IFRS(s) is assessed to have no material financial effect on the results and financial position of the Group and of the Company for the financial year ended 31 December 2023. Accordingly, it has no material impact on the earnings per share of the Group and of the Company.

3. Seasonal operations

The Group's businesses are affected significantly by seasonal or cyclical factors during the financial period.

4. Revenue

	Group	
	12 months ended 31 December	
	2023	2022
	RMB'000	RMB'000
Sale of goods		
- Liquefied petroleum gas ("LPG")	3,286,900	4,639,525
- Propane ("C3")	21,599	1,082
- Butane ("C4")	53,037	4,094
Provision of services		
- Electricity	1,067	-
Revenue from contracts with customers	<u>3,362,603</u>	<u>4,644,701</u>

OUHUA ENERGY HOLDINGS LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. Revenue (Continued)

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets, major product/service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments:

	<u>Liquefied Petroleum Gas</u>		<u>Others</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
<u>Primary geographical markets</u>						
PRC	3,286,900	4,639,525	1,067	-	3,287,967	4,639,525
Asia Pacific	74,636	5,176	-	-	74,636	5,176
Total	3,361,536	4,644,701	1,067	-	3,362,603	4,644,701
<u>Major product/service lines</u>						
Liquefied petroleum gas ("LPG")	3,286,900	4,639,525	-	-	3,286,900	4,639,525
Propane ("C3")	21,599	1,082	-	-	21,599	1,082
Butane ("C4")	53,037	4,094	-	-	53,037	4,094
Electricity	-	-	1,067	-	1,067	-
Total	3,361,536	4,644,701	1,067	-	3,362,603	4,644,701
<u>Timing of revenue recognition</u>						
Over time	-	-	1,067	-	1,067	-
At a point in time	3,361,536	4,644,701	-	-	3,361,536	4,644,701
Total	3,361,536	4,644,701	1,067	-	3,362,603	4,644,701

Contract balances

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

	Group	
	12 months ended 31 Dec 2023	12 months ended 31 Dec 2022
	RMB'000	RMB'000
Contract liabilities (Note 22)	(28,893)	(43,059)

Significant changes in the contract liabilities balances during the period are as follows.

	Group	
	12 months ended 31 Dec 2023	12 months ended 31 Dec 2022
	RMB'000	RMB'000
Revenue recognized that was included in the contract liability balance at the beginning of the financial year	43,059	46,932

The decrease in contract liabilities for the financial year ended 31 December 2023 from prior year is due to more advances released with the sales of liquefied petroleum gas during the financial

OUHUA ENERGY HOLDINGS LIMITED AND ITS SUBSIDIARIES
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5. Other operating income

	Group	
	12 months ended 31 Dec	
	<u>2023</u>	<u>2022</u>
	RMB'000	RMB'000
Tug boat service	856	1,003
Interest income from fixed deposits	566	862
Subsidies from government*	1,536	446
Vessel rental income	3,859	4,078
Fair value gain on derivative financial instruments, net	-	3,764
Gain from modification of lease	-	299
Warehouse rental income	-	246
Utilities income	56	40
Waste management income	509	-
Investment income [#]	985	-
Others	126	26
	<u>8,493</u>	<u>10,764</u>

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

[#]Investment income related to gain on derivatives.

6. Other operating expenses

	Group	
	12 months ended 31 Dec	
	<u>2023</u>	<u>2022</u>
	RMB'000	RMB'000
Bank charges	3,832	2,376
Depreciation of vessel (Note 13)	5,244	5,244
Donation	362	186
Loss on disposal of PPE	16	120
Fair value loss on financial assets at fair value through profit or loss	-	5,514
Foreign exchange loss	10,582	4,124
Loss on investment of derivatives	-	2,942
Others	53	177
	<u>20,089</u>	<u>20,683</u>

7. Finance costs

	Group	
	12 months ended 31 Dec	
	<u>2023</u>	<u>2022</u>
	RMB'000	RMB'000
Interest on bank borrowings	16,183	13,308
Interest on leases	1,789	1,871
Interest on loan from related party	624	-
	<u>18,596</u>	<u>15,179</u>

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. 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	
	12 months ended 31 Dec	
	2023	2022
	RMB'000	RMB'000
Audit fees paid to auditors		
- Auditors of the Company	648	539
- Other auditors	400	293
Operating lease expenses		-
Foreign exchange loss	10,582	6,376
Depreciation on property, plant and equipment	17,528	21,415
Amortisation on intangible asset	44	-
Employee benefit costs (Note 9)	16,764	18,308
Marine freight	50,790	56,537
Loss on disposal of PPE	16	128
	<u>16</u>	<u>128</u>

9. Employee benefits costs

	Group	
	12 months ended 31 Dec	
	2023	2022
	RMB'000	RMB'000
Salaries, bonuses and allowances	13,934	15,109
Other staff benefits	1,207	1,524
Contribution to retirement benefits schemes	1,623	1,675
	<u>16,764</u>	<u>18,308</u>

Employee benefits costs included the amounts shown as Directors' remuneration in Note 30(b) to the financial statements.

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10. Income tax expense

	<u>Group</u>	
	<u>12 months ended 31 Dec</u>	
	<u>2023</u>	<u>2022</u>
	RMB'000	RMB'000
Current tax		
Current financial year	4,383	18,306
Deferred tax expenses (Note 24)		
Origination and reversal of temporary differences	2,530	(140)
	<u>6,913</u>	<u>18,166</u>
<u>Reconciliation of effective tax rate is as follows:</u>		
Profit before income tax expense	25,694	66,671
Tax calculated at applicable PRC tax rate of 25%	6,424	16,668
Tax effect of non-deductible items	510	1,638
Tax effect of non-taxable items	(21)	(140)
Income Tax Expense	<u>6,913</u>	<u>18,166</u>

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

Tax laws affecting a subsidiary

a. 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.

b. 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.

OUHUA ENERGY HOLDINGS LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. Earnings per share

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

	Group	
	12 months ended 31 Dec	
	2023	2022
Profit attributed to equity holders (RM'000)	<u>19,082</u>	<u>48,505</u>
Weighted average number of ordinary shares ('000)	<u>377,580</u>	<u>383,288</u>
Basic and diluted earnings per share (RMB fen)	<u>5.10</u>	<u>12.65</u>

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 at 31 December 2023 and 31 December 2022.

12. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	As at 31 December <u>2023</u>	As at 31 December <u>2022</u>	As at 31 December <u>2023</u>	As at 31 December <u>2022</u>
NAV per share (RMB cents)	81.97	75.31	62.70	63.22

Net asset value per ordinary share is calculated using the Group's and the Company's net asset values, as at the end of the respective financial period divided by the number of shares in issue (excluding treasury shares) of 377,580,100 and 383,288,000 ordinary shares as at 31 December 2023 and 31 December 2022, respectively.

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13. 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									
At 1 January 2023	185,512	115,000	38,719	5,940	3,621	32,177	3,507	42,435	426,911
Acquisition of subsidiaries	-	-	43,340	-	-	-	-	-	43,340
Additions	-	-	605	100	1,037	9,945	4,850	29,523	46,060
Transfer	-	-	309	-	-	-	(309)	-	-
Disposal	-	-	(1,695)	(10)	(190)	-	-	(2,839)	(4,734)
At 31 December 2023	185,512	115,000	81,278	6,030	4,468	42,122	8,048	69,119	511,577
Accumulated depreciation									
At 1 January 2023	144,964	61,136	28,569	2,223	2,306	16,571	-	10,533	266,302
Charged for the year	2,071	5,244	3,273	512	811	2,756	-	5,617	20,284
Disposal	-	-	(1,526)	(9)	(170)	-	-	(2,839)	(4,544)
At 31 December 2023	147,035	66,380	30,316	2,726	2,947	19,327	-	13,311	282,042
Accumulated impairment losses									
At 1 January 2023	-	4,976	-	-	-	-	-	-	4,976
Charged for the year	-	-	-	-	-	-	-	-	-
At 31 December 2023	-	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 2023	38,477	43,644	50,962	3,304	1,521	22,795	8,048	55,808	224,559

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

OUHUA ENERGY HOLDINGS LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. Investments in subsidiaries

	Company	
	12 months ended 31 Dec	
	2023	2022
	RMB'000	RMB'000
Unquoted equity investment, at cost	284,277	221,417
Add: Reversal of allowance on a loan to a subsidiary (*)	-	62,860
Less: Allowance for impairment	-	-
	<u>284,277</u>	<u>284,277</u>

Details of the subsidiaries are as follow:

Name of subsidiary/ (Principal place of business)	Registered capital	Effective equity held by the Group		Principal activities
		2023	2022	
Chaozhou Ouhua Energy Co., Ltd (PRC)	RMB221,416,000	100%	100%	Import, processing and wholesale of liquefied petroleum gas
Ouhua Energy (Singapore) Pte. Ltd. (Singapore)	S\$100	100%	100%	Dormant
<u>Held through Chaozhou Ouhua Energy Co., Ltd</u>				
Guangxi Zhongzhan Energy Technology Co., Ltd. (PRC)	RMB9,000,000	70%	0%	Photovoltaic power generation
Guangxi Guosheng New Energy Technology Co., Ltd. (PRC)	RMB2,000,000	70%	0%	Photovoltaic power generation
Shantou Zhenyang New Energy Development Co., Ltd. (PRC)	RMB1,000,000	100%	0%	Photovoltaic power generation

Ouhua Energy Holdings Limited ("The Company") carried out a review of the recoverable amounts for its loan amounting to RMB 62,860,000 in subsidiaries. The review of the recoverable amounts led to the reversal of the allowance of the loan which had been written down.

Acquisition of Guangxi Zhongzhan, Guangxi Guosheng and Shantou Zhenyang

In September 2023, the Company completed the acquisition of Guangxi Zhongzhan Energy Technology Co., Ltd., through its wholly owned subsidiary, Chaozhou Ouhua Energy Co., Ltd, from related party, by way of a total cash consideration of RMB9,926,000, representing 70% of the total registered capital. Guangxi Guosheng New Energy Technology Co., Ltd. was a wholly own subsidiary of Guangxi Zhongzhan Energy Technology Co., Ltd.

In September 2023, the Company completed the acquisition of Shantou Zhenyang New Energy Development Co., Ltd., through its wholly owned subsidiary, Chaozhou Ouhua Energy Co., Ltd, from related party, by way of a total cash consideration of RMB2,660,000, representing 100% of the total registered capital.

In December 2023, the Company made an additional capital injections of RMB700,000 and RMB1,000,000 into Guangxi Zhongzhan Energy Technology Co., Ltd. and Shantou Zhenyang New Energy Development Co., Ltd. respectively.

OUHUA ENERGY HOLDINGS LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. Inventories

	<u>Group</u>	
	As at 31 Dec 2023 RMB'000	As at 31 Dec 2022 RMB'000
Raw materials	231,554	86,678
Finished goods	7,043	18,272
Goods in transit	<u>7,623</u>	<u>-</u>
	<u>246,220</u>	<u>104,950</u>

Cost of inventories recognized in cost of sales amounted to approximately RMB 3,081,802,000 (2022: RMB 4,568,884,000) during the financial year.

16. Trade and other receivables

	<u>Group</u>	
	As at 31 Dec 2023 RMB'000	As at 31 Dec 2022 RMB'000
Trade receivables – third parties	28,985	35,683
Less: Loss allowance	<u>(1,169)</u>	<u>(1,169)</u>
	27,816	34,514
Prepayments	656	402
Advances to suppliers	185,874	269,265
Value added tax receivables - net	9,554	-
Others	74,176	1,856
Less: Loss allowance	<u>(175)</u>	<u>(175)</u>
	<u>297,901</u>	<u>305,862</u>

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 14 days (2022: 14 days). They are recognized as their original invoice amounts which represents their fair values on initial recognition.

Aging of trade and other receivables

As at 31 December 2023	Current	1 to 30 days	31 – 60 days	61 – 90 days	More than 90 days	Total
Trade receivables – third parties	27,816	-	-	-	1,169	28,985
Less: loss allowance	-	-	-	-	(1,169)	(1,169)
Prepayments	656	-	-	-	-	656
Advances to suppliers	185,874	-	-	-	-	185,874
Value added tax receivables- net	9,554	-	-	-	-	9,554
Staff advances	-	-	-	-	-	-
Others	74,001	-	-	-	175	74,176
Allowance for impairment of other receivables	-	-	-	-	(175)	(175)
	<u>297,901</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>297,901</u>

The increase on trade receivables results from granting extended payment term to our customers in epidemic situation. The increase on advance to suppliers is to lock up commodity price and build up inventories in upcoming months.

OUHUA ENERGY HOLDINGS LIMITED AND ITS SUBSIDIARIES
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Expected credit loss (ECL) assessment

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, including their best estimate of the impact of COVID-19, 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 2023 is RMB 1,169,000 (2022: RMB 1,169,000).

17. Due from/to related parties

	Group		Company	
	As at 31 Dec 2023 RMB'000	As at 31 Dec 2022 RMB'000	As at 31 Dec 2023 RMB'000	As at 31 Dec 2022 RMB'000
Due from a related party				
Trade	63,674	24,730	-	-
Non-trade	8,260	1,417	68	68
	<u>71,934</u>	<u>26,147</u>	<u>68</u>	<u>68</u>
Due to a related party				
Non-trade	9,564	9,101	4,613	3,763
	<u>9,564</u>	<u>9,101</u>	<u>4,613</u>	<u>3,763</u>

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

18. Derivative financial instruments

	Group	
	As at 31 Dec 2023 RMB'000	As at 31 Dec 2022 RMB'000
Derivatives contracts		
Commodity paper derivative instruments	-	6,260
	<u>-</u>	<u>6,260</u>

The Group enters into commodity 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 2023, all the outstanding derivatives contracts have been closed.

19. 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.

OUHUA ENERGY HOLDINGS LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20. **Pledged fixed deposits**

Fixed deposits at the end of the financial year have an average period of 3 months (2022: 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% (2022: 0.30%) per annum. The carrying amounts of pledged fixed deposits approximate their fair values.

21. **Cash and cash equivalents**

	<u>Group</u>		<u>Company</u>	
	As at 31 Dec 2023 RMB'000	As at 31 Dec 2022 RMB'000	As at 31 Dec 2023 RMB'000	As at 31 Dec 2022 RMB'000
Cash balances	1,858	1,451	-	-
Bank balances	159,264	130,397	13,266	6,457
	<u>161,122</u>	<u>131,848</u>	<u>13,266</u>	<u>6,457</u>

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

As at 31 Dec 2023, the Group has cash and cash equivalents placed with banks in the PRC amounting to RMB 147,787,000 (2022: RMB 125,322,000). 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.

22. **Trade and other payables**

	<u>Group</u>	
	As at 31 Dec 2022 RMB'000	As at 31 De 2021 RMB'000
Trade payables	125,054	1,125
Accrued expenses	6,477	5,092
Interest payables	674	1,743
Contract liabilities	28,893	43,059
Due to directors	2,630	2,586
Others	7,898	6,707
Total trade and other payables	<u>171,626</u>	<u>60,312</u>

Trade payables are non-interest bearing and are normally settled on 3 days (2022: 7 days) terms while other payables have an average term of 10 days (2022: 10 days).

Amounts due to directors are non-trade in nature, unsecured, interest-free and is repayable on demand.

Contract liabilities relate to advances from customers. A contract liability is recognized for the advances received from customers and is derecognized as and when the performance obligations met.

23. **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.

OUHUA ENERGY HOLDINGS LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

24. **Bank borrowings**

	<u>Group</u>	
	<u>2023</u>	<u>2022</u>
	RMB'000	RMB'000
Trust receipts	197,127	163,951
Bank loan A	80,000	80,000
Bank loan B	84,750	84,750
Bank loan C	65,250	65,250
Bank loan D	50,000	-
	<hr/>	<hr/>
	477,127	393,951
Less: Amount due for settlement within 12 months (shown under current liabilities)	(477,127)	(393,951)
	<hr/>	<hr/>
Amount due for settlement after 12 months (shown under non-current liabilities)	-	-
	<hr/>	<hr/>

The effective borrowing rates for trust receipts and bank loans range between 3.25% (2022: 2.09%) and 4.50% (2022: 4.93%) respectively.

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

- a) Bank loan A relates to secured Renminbi denominated bank loan secured by corporate guarantees from related parties and personal guarantee by a director. The loan term is 1 year and repayable in Feb 2024. The interest rate for the loan is 4.15%.
- b) Bank loan B relates to secured Renminbi denominated bank loan secured by corporate guarantees from related parties and personal guarantee by a director. The loan term is 1 year and repayable in Feb 2024. The interest rate for the loan is 4.15%.
- c) Bank loan C relates to secured Renminbi denominated bank loan secured by corporate guarantees from related parties and personal guarantee by a director. The loan term is 1 year and repayable in Jun 2024. The interest rate for the loan is 4.15%.
- d) Bank loan D relates to secured Renminbi denominated bank loan secured by corporate guarantees from related parties and personal guarantee by a director. The loan term is 1 year and repayable in Feb 2024. The interest rate for the loan is 4.15%.

The carrying amounts of bank borrowings approximate their fair values.

25. **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.

OUHUA ENERGY HOLDINGS LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

25(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:

<u>Group</u>	<u>Office premises and land</u> RMB'000	<u>Port terminals</u> RMB'000	<u>Total</u> RMB'000
At 1 January 2022	3,395	9,382	12,777
Additions	-	27,504	27,504
Written off		(3,009)	(3,009)
Depreciation	(1,278)	(4,092)	(5,370)
At 31 December 2022			
	2,117	29,785	31,902
Addition	29,524	-	29,524
Written off	-	-	-
Depreciation	(1,525)	(4,092)	(5,617)
At 31 December 2023	30,116	25,693	55,809

25(b) Lease liabilities

	<u>Group</u>	
	<u>As at 31 Dec 2023</u> RMB'000	<u>As at 31 Dec 2022</u> RMB'000
Lease liabilities- non-current	46,338	27,683
Lease liabilities – current	10,665	5,294
	<u>57,003</u>	<u>32,977</u>

25(c) Amounts recognized in profit or loss

	<u>Group</u>	
	<u>As at 31 Dec 2023</u> RMB'000	<u>As at 31 Dec 2022</u> RMB'000
Expense related to short-term leases	311	1,827
Interest on leases	1,789	1,871

OUHUA ENERGY HOLDINGS LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

26. **Deferred tax liabilities**

	At 1 January 2023	Recognised in profit or loss	Acquisition through business combination	At 31 December 2023
	RMB'000	RMB'000	RMB'000	RMB'000
<u>Deferred tax liabilities</u>				
Differences in depreciation for tax purpose	2,186	2,542	2,120	6,848
Differences in amortisation for tax purpose	-	(12)	959	947

27. **Share capital**

	<u>Group and Company</u>					
	2023	2022	2023		2022	
	No. of ordinary shares '000	'000	USD'000	RMB'000	USD'000	RMB'000
Authorized (USD0.05 each)	<u>1,000,000</u>	<u>1,000,000</u>	<u>50,000</u>	<u>390,000</u>	<u>50,000</u>	<u>390,000</u>
Issued and fully paid At 1 January and 31 December	<u>383,288</u>	<u>383,288</u>	<u>19,164</u>	<u>149,488</u>	<u>19,164</u>	<u>149,488</u>

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.

On 28 June 2023, the special general meeting of the Company has approved the share buy-back mandate, with a maximum of 38,328,800 shares limit. At 31 December 2023, the Company hold a total of 5,707,900 shares amounting to RMB2,505,996.

28. **Share premium**

	<u>Group and Company</u>			
	2023		2022	
	US\$'000	RMB'000	US\$'000	RMB'000
At 1 January and 31 December	<u>16,704</u>	<u>130,298</u>	<u>16,704</u>	<u>130,298</u>

Share premium is the capital of the Company raised upon issuing shares that was in excess of the par value of the shares of USD0.05.

29. **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.

The movement in the Group's statutory reserve in financial year 2023 comes from a statutory reserve of RMB 2,223,000 being made provision on subsidiary level. During the financial year, the subsidiary transferred statutory reserve amounting to RMB 2,223,000 from profit after income tax.

OUHUA ENERGY HOLDINGS LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30. **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.

31. **Treasury shares**

Treasury shares reserve comprises the cost of the Company's shares held by the Company.

	Group and Company			
	2023		2022	
	No. of ordinary shares	RMB'000	No. of ordinary shares	RMB'000
At 1 January	-	-	-	-
Addition	2,506	2,506	-	-
At 31 December	2,506	2,506	-	-

32. **Significant related party transactions**

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	
	2023	2022
	RMB'000	RMB'000
Revenue		
Sale of LPG to related parties	401,198	666,517
Expenses		
Lease of port terminals, land use rights, office premises and staff dormitory paid to related parties	(5,461)	(6,075)
LPG transportation freight charges paid to related party	(8,550)	(8,567)
Lease of storage facilities paid to related party	<u>(6,000)</u>	<u>(6,500)</u>

(b) Compensation of key management personnel

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

	Group	
	12 month ended 31 Dec	
	2023	2022
	RMB'000	RMB'000
Directors' fees	522	447
Director's salaries	1,277	1,529
	<u>1,799</u>	<u>1,976</u>

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

33. Financial assets and financial liabilities

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:

	<u>Note</u>	<u>Group</u>	
		<u>2023</u> RMB'000	<u>2022</u> RMB'000
Financial assets at fair value through profit or loss			
Derivatives financial assets	14	-	6,260
Financial assets at amortised cost			
Trade receivables – third parties	14	27,816	34,514
Other receivables (excluding prepayment, advance to suppliers)	14	74,001	1,681
Due from a related party	15	71,934	26,147
Pledged fixed deposits	17	40,006	81,986
Cash and cash equivalents	18	161,122	131,848
		<u>401,026</u>	<u>276,176</u>
Financial liabilities at amortised cost			
Trade payables	19	125,054	1,125
Other payables (excluding VAT tax payables and advance from customers)	19	17,679	16,128
Due to a related party	15	9,564	9,874
Due to a holding company	20	1,771	1,741
Bank borrowings	21	477,127	393,951
Lease liabilities	22	57,003	32,977
		<u>688,198</u>	<u>455,796</u>
Company			
	<u>Note</u>	<u>2023</u> RMB'000	<u>2022</u> RMB'000
Financial assets at amortised cost			
Cash and cash equivalents	21	6,457	6,457
Due from a related party	17	68	68
		<u>6,525</u>	<u>6,525</u>
Financial liabilities at amortised cost			
Trade and other payables	22	4,340	4,233
Due to related parties	17	4,613	4,536
Due to a subsidiary	23	-	37,992
Due to a holding company	23	1,771	1,741
		<u>10,724</u>	<u>48,502</u>

OUHUA ENERGY HOLDINGS LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

33. Financial assets and financial liabilities (Continued)

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.

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	Level 2	Level 3
	RMB'000	RMB'000	RMB'000
<u>Group</u>			
2023			
Financial assets:			
Derivative financial instruments	-	-	-
2022			
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.

34. Subsequent events

There are no known subsequent events which have led to adjustments to this set of financial statements.

35. Intangibles asset

	<u>Group</u>	
	<u>Customer</u>	<u>Total</u>
	<u>relationship</u>	
	RMB'000	RMB'000
Cost		
At 1 January 2023	-	-
Acquisition of subsidiaries	3,566	3,566
At 31 December 2023	3,566	3,566
Accumulated amortization		
At 1 January 2023	-	-
Amortisation charge for the year	44	44
At 31 December 2023	44	44
Carrying amounts		
At 31 December 2023	3,522	3,522

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36. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker ("CODM"). The CODM is responsible for allocating resources and assessing performance of the operating segments. The operating segments were determined based on the reports reviewed by management.

The following summary describes the operations in each of the Group's reportable segments:

Liquefied Petroleum gas	Production, import, processing, storage, and wholesale of liquefied petroleum gas as well as retail chain development.
Others	Provision of electricity from solar, as well as provision of system services that support integration of renewables into the grid and investment holdings.

	Liquefied Petroleum gas	Others	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000
2023				
Turnover				
External sales	3,361,536	1,067	-	3,362,603
Results				
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	65,865	(1,002)	(856)	64,007
Interest income	563	4	-	567
Interest expenses	(17,797)	(799)	-	(18,596)
Depreciation and amortisation	(19,263)	(1,021)	-	(20,284)
Profit/(Loss) before tax	29,368	(2,818)		25,694
Tax expense	(6,950)	37		(6,913)
Non-controlling interests	-	107		107
Profit/(Loss) from continuing operations	22,418	(2,674)		18,888
Assets				
Segment assets	1,062,472	401,397	(418,339)	1,045,530
Total assets	1,062,472	401,397		1,045,530
Liabilities				
Segment liabilities	709,435	155,488	(128,897)	736,026
Total liabilities	709,435	155,488		736,026
Capital expenditure	44,095	48,871	-	92,966

Other Information Required by Listing Rule Appendix 7.2

OTHER INFORMATION

1. Review

The Condensed statements of financial position of Ouhua Energy Holdings Limited and its subsidiaries as at 31 December 2023 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the financial year then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Condensed consolidated statement of profit or loss and other comprehensive income

For twelve months ended 31 December 2023 (“FY2023”) vs twelve months ended 31 December 2022 (“FY2022”)

Revenue

Revenue decreased by approximately 27.6% or RMB 1,282.1 million from RMB 4,644.7 million in FY2022 to RMB 3,362.6 million in FY2023 due to a fall of liquefied petroleum gas (“LPG”) price from RMB 5,199 per ton in FY2022 to RMB 4,423 per ton in FY2023, while sales volume of liquefied petroleum gas (“LPG”) fell from 897,543 tons in FY2022 to 739,812 tons in FY2023.

Gross Profit

Gross profit decreased by RMB 45.5 million or 24.6% from RMB 185.0 million in FY2022 to RMB 139.5 million in FY2023 due to the decrease of demand as well as price fall. The price fluctuation also impacted on our cost of sales, which helped our gross profit margin improve from 3.98% in FY2022 to 4.15% in FY2023.

Other operating income

Other operating income decreased from RMB 10.8 million in FY2022 to RMB 8.7 million in FY2023. The decrease of RMB 2.1 million or 19.3% was mainly attributed to the decrease of fair value gains of RMB 3.8 million.

Selling and distribution expenses

Selling and distribution expenses decreased by RMB 7.6 million or 10.8% from RMB 71.0 million in FY2022 to RMB 63.3 million in FY2023 due to an decrease on marine freight and land freight.

Administrative expenses

Administrative expenses increased slightly by RMB 0.3 million or 12.4% from RMB 20.0 million in FY2022 to RMB 20.3 million in FY2023 mainly due to an increase on depreciation and amortization.

Other operating expenses

Other operating expenses decreased by RMB 2.8 million or 66.1% to RMB 20.1 million in FY2023 from RMB 22.9 million in FY2022 is mainly due to exchange loss of RMB 10.6 million.

2. Review of performance of the Group(Continued)

Finance costs

Finance costs increased by approximately RMB 3.4 million or 22.5% from RMB 15.2 million in FY2022 to RMB 18.6 million in FY2023 mainly due to an increase on outstanding bank borrowing.

Profit attributable to equity holders

As a result of the above, the Group recorded net profit attributable to equity holders of RMB 19.0 million in FY2023, compared with net profit of RMB 48.5 million in FY2022.

Condensed statements of financial position

Non-current assets

Non-current assets increased by RMB 72.7 million or 46.7% from RMB 155.6 million as at FY2022 to RMB228.3 million as at FY2023 mainly due to the acquisition of fixed assets amounting to RMB 45.1 million and right-of-use assets amounting to RMB 23.9 million.

Current assets

Current assets increased by RMB 160.1 million or 24.4% from RMB 657.1 million as at FY2022 to RMB 817.2 million as at FY2023. This is mainly due to the increase on trade and other receivables of RMB 55.7million and inventory of RMB 141.3 million, partially offset by the decrease margin account to broker of RMB 42.0 million.

Current liabilities

Current liabilities increased by approximately RMB 187.7 million or 38.0% from RMB 494.2 million at FY2022 to RMB 681.9 million at FY2023. This is mainly due to the increase in bank borrowings of RMB 83.2 million and trade and other payables of RMB 111.3 million.

Non-current liabilities

Non-current liabilities increased by RMB 18.7 million was mainly due to the increase on long-term lease liabilities.

Condensed consolidated statement of cash flows

The Group recorded cash and cash equivalents of RMB 161.1 million as at FY2023. The net increase of RMB 29.1 million from cash and cash equivalents in FY2022 arose from exchange rate change of RMB 0.1 million on foreign currency cash balances and net cash inflow from operating, investing and financial activities during FY2022 of RMB 29.1 million.

Net cash used in operating activities amounted to RMB 41.9 million mainly due to cash utilized in working capital contributed by profit before tax amounting to RMB 26.1 million and a decrease on trade and other payables of RMB 77.3 million, offset by an increase on inventories of RMB 141.3 million and an increase in amount due from related parties of RMB 45.8 million.

2. Review of performance of the Group (Continued)

Net cash used in investing activities amounted to RMB 7.3 million was due to acquisition of property, plant and equipment, partially offset by the disposal of financial instruments.

Net cash generated from financing activities amounted to RMB 78.4 million mainly due to proceeds from bank borrowing of RMB 477.1 million, partially offset by repayment of bank borrowings of RMB 404.5million.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

Per the latest forecast of International Monetary Fund, the GDP growth year-on-year in PRC is projected to be around 4.6% in 2024, which means demand on clean energy keeps strong in our market. In spite of uncertainties of geopolitical factors remaining in international energy market, Ouhua has been making endeavor to capture opportunities from crisis, as evidenced in the last several years.

To lift efficiency in our supply chain is vital for Ouhua to become part of China's sustainability solution. Our management will continue to upgrade our infrastructure and invest on clean energy technology to provide better service to our customer. Moreover, we are seeking to diversify our customer network to more industries and regions. Meanwhile, we have entered into the solar power generation market in 2023 and would continuously and proactively participate in the green energy market. With continuous support from our customers, banks, shareholders and other stakeholders, Ouhua is, as it always, committed to achieve growth in sustainable way.

5. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended)

None.

(b) i) Amount per share in cents

None.

ii) Previous corresponding period in cents

None.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

OUHUA ENERGY HOLDINGS LIMITED AND ITS SUBSIDIARIES

Other Information Required by Listing Rule Appendix 7.2

- (e) **The date on which Registrable Transfers received by the company (up to 5.00pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

- 6. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.**

No dividend has been declared or recommended for the financial year ended 31 December 2023.

The reason and general corporate purpose is to conserve cash for the Company's operation.

OUHUA ENERGY HOLDINGS LIMITED AND ITS SUBSIDIARIES
Other Information Required by Listing Rule Appendix 7.2

7. If the group has obtained a general mandate from shareholders for Interested Person Transactions (“IPT”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Name of interested person	Aggregate value of all interested person transactions (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' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	Aggregate value of all interested person transactions (excluding transactions less than \$100,000)
	RMB'000	RMB'000	RMB'000
Chaozhou Huafeng (Group) Incorporation Ltd			
- Lease of storage facilities	-	5,000	5,000
Huajie (Guangdong) Logistics Technology Co., Ltd			
- Lease of LPG transportation vehicles	-	8,550	8,550
Chaozhou Huaxin Energy Co.,Ltd			
- Lease of storage facilities	-	1,000	1,000
Guangdong Zhongzhan New Energy Technology Co., Ltd			
- Sale of LPG	-	217,944	217,944
Chaozhou Chao'an Huasheng Fuel Co., Ltd			
- Sale of LPG	-	85,140	85,140
Chaozhou Chao'an Nanxiong Sheng Liquefied Gas Co., Ltd			
- Sale of LPG	-	69,329	69,320
Chaozhou Chao'an Dengtang Huafeng Liquefied Gas Supply Co., Ltd			
- Sale of LPG	-	8,469	8,469
Guangdong Zhongzhan Petrochemical Co., Ltd			
- Sale of LPG	-	20,316	20,316
Chaozhou Huafeng Gas Factory Co., Ltd			
- Lease of port terminals, land use rights, office premises and staff dormitory	-	1,651	1,651
Guangdong Huafeng Zhongtian LNG Co., Ltd			
- Lease of port terminals, land use rights, office premises and staff dormitory	-	3,810	3,810

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

8. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

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

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

	<u>2023</u>	<u>Total</u>	<u>2022</u>
	RMB'000		RMB'000
<u>Geographical markets</u>			
PRC	3,286,900		4,639,525
Asia Pacific	<u>74,636</u>		<u>5,176</u>
	<u>3,361,536</u>		<u>4,644,701</u>

9. A Breakdown of Sales

	<u>2023</u>	<u>Group</u>	<u>2022</u>	<u>Increase/ (Decrease)</u>
	RMB'000		RMB'000	%
(a) Sales reported for first half year	1,729,217		2,354,285	-27
(b) Operating profit/loss after tax before deducting non-controlling interests reported for first half year	(28,161)		6,025	n.m.
(c) Sales reported for second half year	1,633,386		2,290,416	-29
(d) Operating profit/loss after tax before deducting non-controlling interests reported for second half year	47,136		42,480	11

10. Disclosure of persons occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or Chief Executive Officer or substantial shareholder of the issuer pursuant to Rule 704(13) below:

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Company confirms that there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a Director or Chief Executive Officer or substantial shareholder of the Company."

11. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

By Order of the Board

Liang Guo Zhan
Executive Chairman

28 February 2024