



**BUILDING TOMORROW,  
SUSTAINING TODAY**

 **hwa** Energy  
欧华能源

Annual Report 2023

## 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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**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 of the 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

## DEAR SHAREHOLDERS,

I am pleased to present to you the Group's performance for the financial year ended 31 December 2023 ("FY2023"). This year marks the first year of gradual repairment in global economy and consumer confidence, with obvious economic structural differentiation and new growth driver introduction. While there had been a positive start to the year—witnessing a reopening rebound together with progress on inflation reduction, global activity dwindled towards the end of the year. Global economic recovery and growth remained slow and uneven, impeded by ongoing geopolitical tensions, amid rising cost-of-living amongst other factors. The Group's businesses had also been significantly affected by seasonal or cyclical factors during the financial period, resulting in a decline in our financial performance in FY2023.

## BUSINESS REVIEW

For the financial year under review, our 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. The decrease in revenue was attributable mainly to the drop in liquefied petroleum gas ("LPG") price from RMB 5,199 per ton in FY2022 to RMB 4,423 per ton in FY2023; coupled with a reduction of sales volume of LPG from 897,543 tons in FY2022 to 761,285 tons in FY2023.

In tandem with the Group's decline in revenue, gross profit decreased by 24.6% or RMB 45.5 million from RMB 185.0 million in FY2022 to RMB 139.5 million in FY2023 as a result of the decrease in demand as well as price fall. The price fluctuation, however, also impacted on our cost of sales, which in turn led to an improvement in our gross profit margin from 3.98% in FY2022 to 4.15% in FY2023. After deducting for costs and taxes, the Group yielded a net profit of RMB 18.8 million in FY2023, compared with the net profit of 48.5 million in FY2022.

## OUTLOOK FY2024

In the latest International Monetary Fund's World Economic Outlook, China's GDP growth year-on-year is projected at 4.6% in 2024, representing an upward revision of 0.4% from its prior outlook in October 2023. With China's Five-Year Plan supporting the goals of carbon peaking by 2030 and carbon neutrality by 2060, the PRC government remains highly focused on driving the country towards a green low-carbon economy. Given this, demand for green energy is anticipated to remain strong in China going forward, backed by the consistent support from government energy policies.



We believe LPG is well placed to compete as an attractive clean energy in the Chinese energy market. Augmenting efficiency in our supply chain would be imperative for the Group to be a part of and greater contribute towards China's sustainability solutions and efforts. To this end, our management will continue to upgrade our infrastructure and invest in clean energy technologies to enhance our competitive edge and better cater to the needs of our customers. We leverage on our strong and well-established sales network and ties with our customers and suppliers while seeking to diversify our customer network to more industries and regions.

Meanwhile, in view of diversification and expansion of the Group's income source, We have also entered into the solar power generation market during the financial year and would continuously and proactively increase our participation in the green energy market.

Externally, in the macroeconomic scene, continued geopolitical tensions have caused significant uncertainty on global economy thereby resulting in unprecedented disruptions on the energy supply chain. Oil and gas prices have also seen

substantial price fluctuations. Notwithstanding the uncertainties remaining in the international energy market, Ouhua has been putting in the work to capitalise and turn crisis into opportunities. We will continue to tap on our expertise and experience on LPG trading and excellent infrastructure and facilities to preserve our long-term success.

## APPRECIATION

On behalf of the Board and management, I would like to express my heartfelt appreciation to our valued shareholders, staff, customers, business partners and all other stakeholders for their unwavering and continuous support and confidence. Ouhua is committed to achieving growth in a sustainable manner, and I am confident that with the continuous support and operational strategies, we will tide over the challenges and get back on track to recovery soon.

**LIANG GUO ZHAN**  
*Executive Chairman*

**Ouhua Energy Holdings Limited**

# 主席致辞

## 尊敬的各位股东,

我很高兴提呈本集团截至 2023 年 12 月 31 日止财政年度（“2023 财年”）的业绩。今年是全球经济和消费者信心逐步修复的第一年，经济结构分化明显，并有新的增长动力引入。尽管今年开局良好——经济取得重新开放反弹以及通胀下降取得进展，但全球经济活动在接近年底时有所减少。由于持续的地缘政治紧张局势以及生活成本上升等因素的阻碍，全球经济复苏和增长仍然缓慢且不平衡。集团的业务在财政期间也受到季节性或周期性因素的显著影响，导致我们 2023 财年的财务业绩下降。

## 业务回顾

回顾财年，我们的收益由 2022 财年的人民币 46 亿 4470 万元至 2023 财年的人民币 33 亿 6260 万元，下跌了 27.6% 或人民币 12 亿 8210 万元。收益下降主要是由于液化石油气（“LPG”）平均价格从 2022 财年每吨人民币 5,199 元跌至 2023 财年每吨人民币 4,423 元；同时 LPG 销量由 2022 财年 897,543 吨减少至 2023 财年 761,285 吨。

随着集团收入下降，由于需求减少以及价格下跌，毛利从 2022 财年的人民币 1 亿 8500 万元下跌至 2023 财年的人民币 1 亿 3950 万元，下跌了 24.6% 或者人民币 4550 万元。然而，价格波动也影响了我们的销售成本，从而导致我们的毛利率从 2022 财年的 3.98% 提高至 2023 财年的 4.15%。扣除各项费用及税款后，集团于 2023 财年实现纯利人民币 1880 万元，而相比 2022 财年的纯利为人民币 4850 万元。

## 展望 2024 财年

国际货币基金组织（“IMF”）最新发布的《世界经济展望》预计，2024 年中国国内生产总值同比增长 4.6%，比 2023 年 10 月的预期上调 0.4%。中国的「十四五规划」支持落实最迟于 2030 年实现碳达峰和最迟于 2060 年实现碳中和的目标，表明中国政府仍然高度重视推动国家迈向绿色低碳经济。有鉴于此，在政府能源政策的持续支持下，预计中国未来对绿色能源的需求将保持强劲。

我们相信 LPG 作为一种有吸引力的清洁能源在中国能源市场上处于有利的竞争地位。提高我们的供应链效率对于集团成为中国可持续发展解决方案和努力的一部分并作出更大贡献将至关重要。为此，我们的管理层将继续升级我们的基础设施并投资清洁能源技术，以增强我们的竞争优势并更好地满足客户的需求。我们利用强大且完善的销售网络以及与客户和供应商的联系，同时寻求将我们的客户网络多元化至更多行业 and 地区。

同时，鉴于集团收入来源多元化及扩大，我们亦于本财政年度进军太阳能发电市场，并将持续积极加大对绿色能源市场的参与力度。

外部方面，在宏观经济方面，持续的地缘政治紧张局势给全球经济带来重大不确定性，从而对能源供应链造成前所未有的干扰。石油和天然气价格也出现大幅价格波动。尽管国际能源市场仍存在不确定性，欧华一直在努力化危为机。我们将继续利用我们在液化石油气贸易方面的专业知识和经验以及优良的基础设施和设施，以保持我们的长期成功。

## 致谢

我谨代表董事会和管理层对我们宝贵的股东、员工、客户、业务伙伴及所有有利益相关者给予我们坚定不移、持续不断的支持和信心表示由衷的感谢。欧华致力于以可持续的方式实现增长，我相信在持续的支持和运营策略下，我们将渡过挑战，早日重回复苏轨道。

**梁国湛**  
执行主席

**欧华能源控股有限公司**

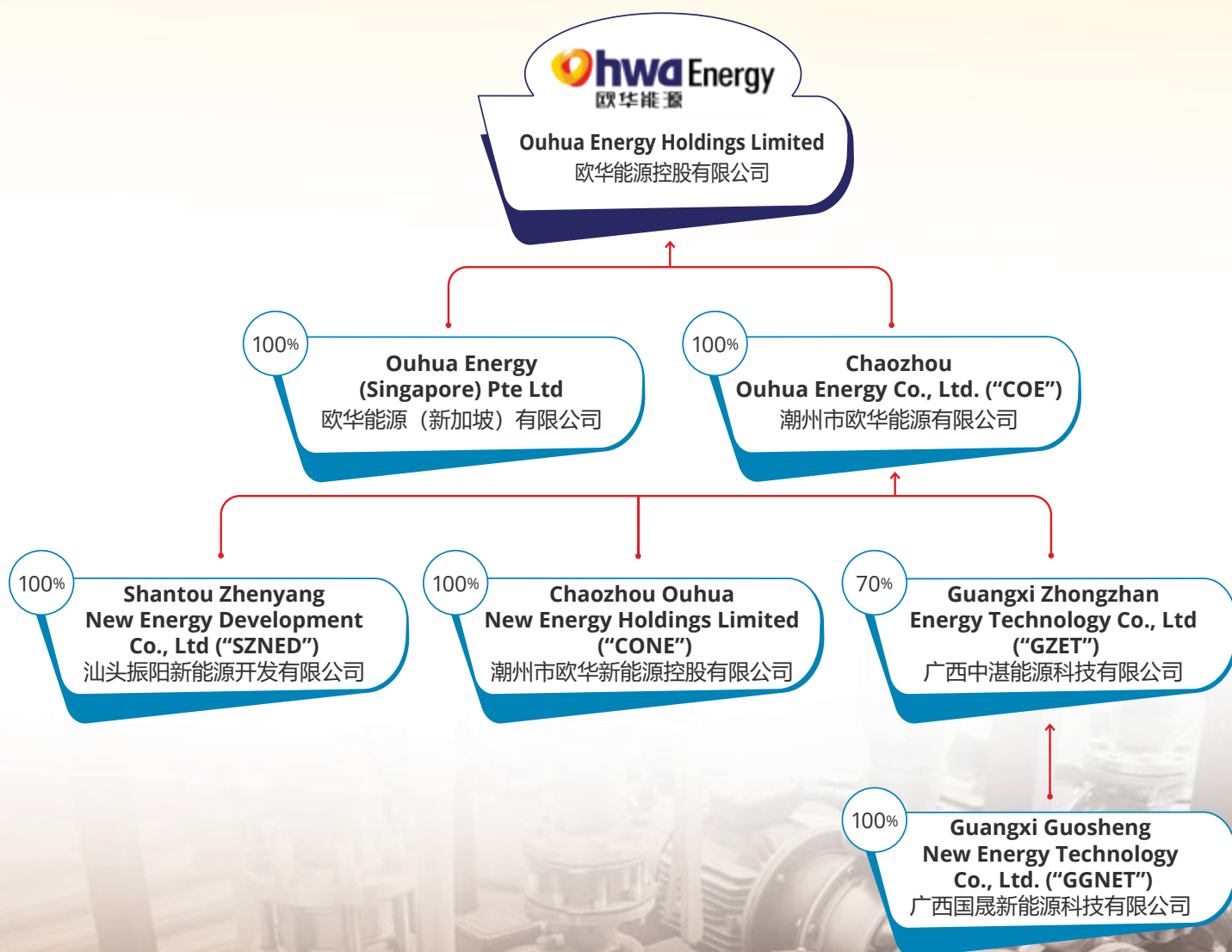
## **POISED FOR THE FUTURE**

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.

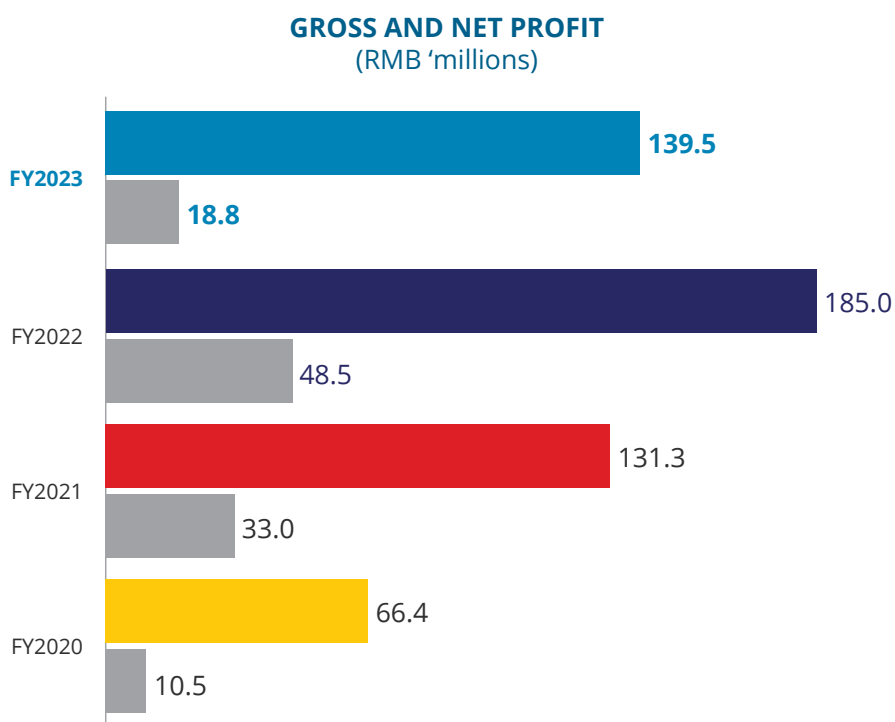
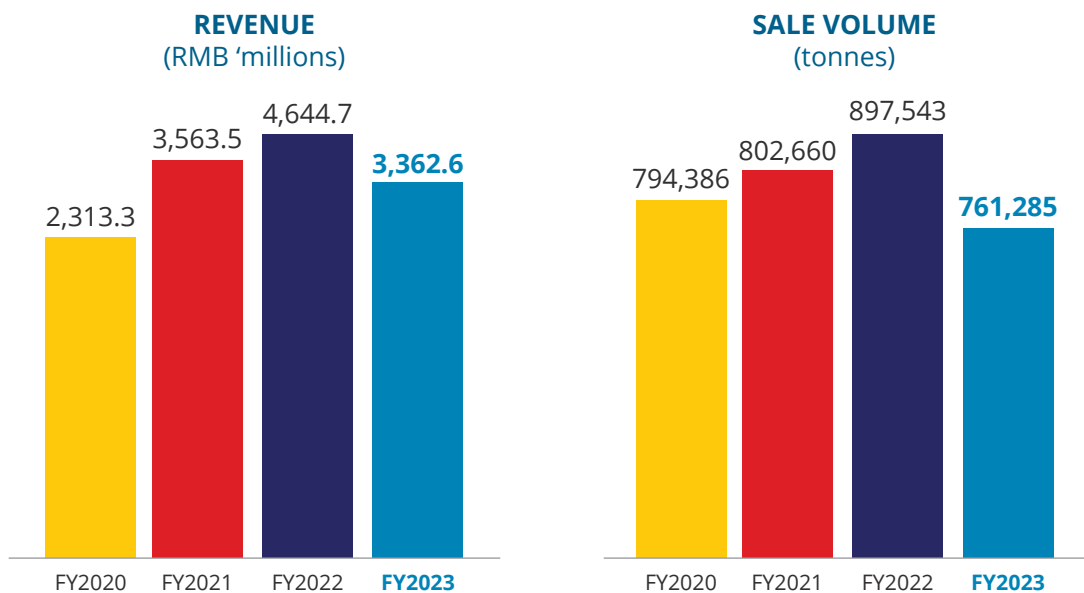


# CORPORATE STRUCTURE

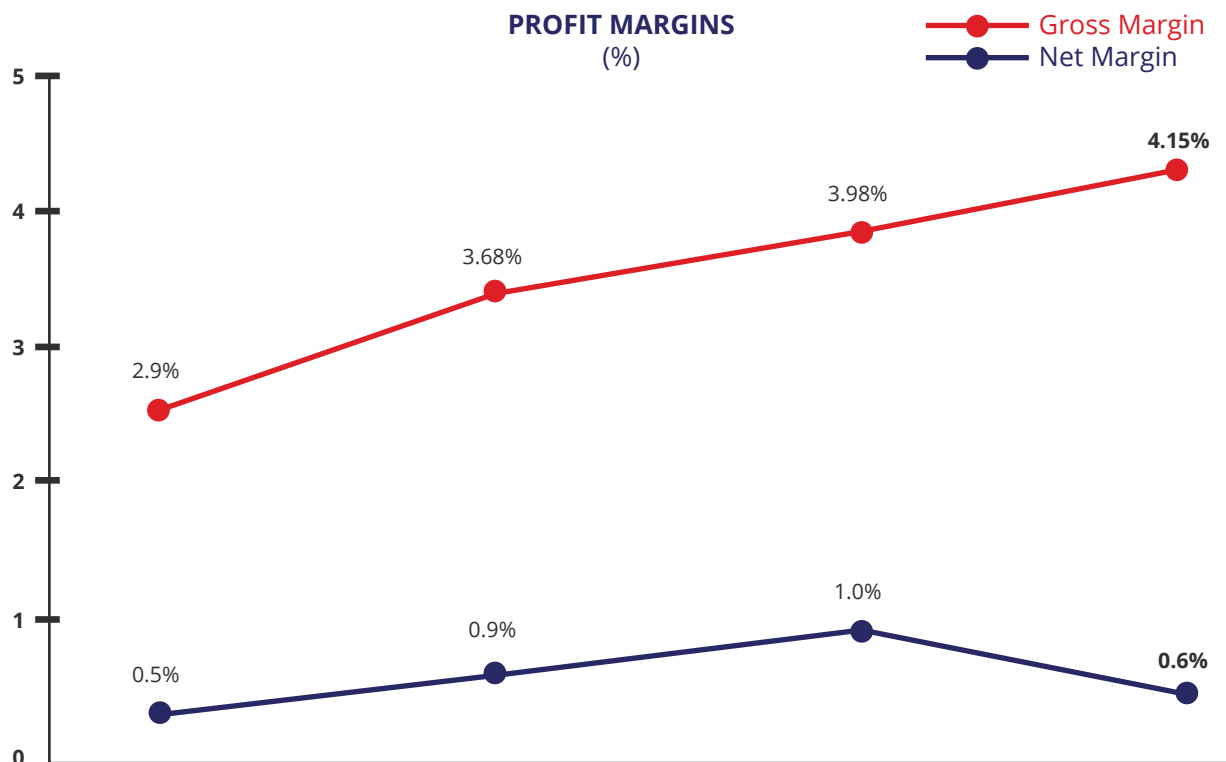
We are cautiously optimistic about both the short-term and the longterm future of our Group due to our Group's ongoing transformation and our focused efforts in capturing opportunities to improve and advance our level of technology.







# FINANCIAL HIGHLIGHTS



KEY FINANCIAL RATIO	FY 2020	FY 2021	FY2022	FY2023
Earnings per Share (RMB cents)	2.76	8.62	12.65	5.00
Gross Margin (%)	2.9	3.68	3.98	4.15
Net Margin (%)	0.5	0.9	1.0	0.6
Gearing Ratio (times)	1.20	0.84	1.4	1.6
NAV (RMB cents)	54.0	62.7	75.3	81.9

PRODUCTION DATA	FY2020	FY 2021	FY2022	FY2023
Designed Capacity (tonnes)	900,000	900,00	900,00	900,000
Weighted Average Design Capacity (tonnes)	900,000	900,00	900,00	900,000
Actual Output (tonnes)	794,386	802,660	897,543	761,285
Actual Output (percentage)	88.3	89.2	99.7	84.6

<sup>(1)</sup> Gearing ratio equals to total borrowings divided by equity

## OPERATING 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 761,285 tons in FY2023.

## COSTS AND EARNINGS ANALYSIS

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. 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 decreased from RMB 10.8 million in FY2022 to RMB 8.5 million in FY2023. The decrease of RMB 2.3 million or 21.1% was mainly attributed to the decrease of fair value gains of RMB 3.8 million.

## Operating expenses decreased mainly due to:

1. 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 a decrease on marine freight and land freight.
2. Administrative expenses increased slightly by RMB 0.3 million or 1.3% 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 decreased by RMB 2.8 million or 12.4% 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.

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.

Taking the aforementioned factors into consideration, the Group recorded net profit attributable to equity holders of RMB 18.9 million in FY2023, compared with net profit of RMB 48.5 million in FY2022.



# OPERATIONS REVIEW

## FINANCIAL POSITION AND LIQUIDITY

As at 31 December 2023, non-current assets increased by RMB 72.4 million or 46.6% from RMB 155.6 million as at FY2022 to RMB 228.1 million as at FY2023 mainly due to the acquisition of fixed assets amounting to RMB 16.5 million and right-of-use assets amounting to RMB 18.3 million.

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 inventory of RMB 141.3 million, partially offset by the decrease on pledged fixed deposits of RMB 42.0 million and decrease on trade and other receivables of RMB 8.0 million.

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 increased by RMB 24.2 million was mainly due to the increase on long-term lease liabilities.

## CASH FLOW

As at 31 December 2023, the Group recorded cash and cash equivalents of RMB 161.1 million as at FY2023. The net increase of RMB 29.1 million in cash and cash equivalents in FY2023 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 FY2023 of RMB 29.1 million.

Net cash used in operating activities amounted to RMB 40.1 million mainly due to cash utilized in working capital contributed by increase on inventory of RMB 141.3 million and amount due from related parties of RMB 45.8 million, partially offset by profit before tax amounting to RMB 26.1 million and an increase on trade and other payables of RMB 86.7 million.

Net cash used in investing activities amounted to RMB 20.1 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 89.4 million mainly due to proceeds from bank borrowing of RMB 477.1 million and decrease in pledged fixed deposits of RMB 42.0 million, partially offset by repayment of bank borrowings of RMB 410.1 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.

## BOARD OF DIRECTORS



**LIANG GUO ZHAN**  
*Executive Chairman*



**GERALD YEO**  
*Lead Independent Director*

**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** 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.



**MR LIMJOCO ROSS YU**  
*Independent Director*



**ZHANG JINMING**  
*Executive Director*

**ROSSYULIMJOCO** 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** 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.

## BOARD OF DIRECTORS



**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 International 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.



**ZHANG ZIBIN**  
*Chief Financial Officer*

**ZHANG ZIBIN** was appointed as the Chief Financial Officer of our Group on 13 December 2023 and is responsible for supervision of the financial and financial related affairs of our Group. Prior to joining our Group, he worked as Financial Chief / Head of Finance in various companies from 2017 to 2023, including LDY Auto Rental Service Group and etc. Prior to this, he worked as Tax Director / Tax Principal in various companies from 2013 to 2016, including China Resources Financial Holdings Co., Ltd. and etc.

Mr. Zhang holds a Master of Science in Finance from the University of Manchester and a Bachelor of Economics in International Finance from the Guangdong University of Foreign Studies. He is a Fellow Member of Association of Chartered Certified Accountants and holder of Fund Practitioner Certification issued by the Asset Management Association of China.



# OUHUA ENERGY - SUMMARY OF SUSTAINABILITY REPORTS

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. GRI 11: Oil and Gas Sector 2021 is applied to the oil and gas sector in which we operate.

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 2023 ("FY2023").

Recognising that climate-related risks and opportunities are likely to impact the Group's future business and development, the Group has made 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 FY2023. 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 FY2023, the Group conducted a materiality assessment that applied the concept of double materiality, which considers both financial materiality and impact materiality. The approach determines topics that influence the Group's value creation (financial materiality), as well as those that reflect the impacts we have on the economy, environment, and people (impact materiality). The identified material ESG topics are as follows:

Environmental Management	Organisational & Relationship Management	Corporate Governance
<p><b>EMISSIONS</b></p> <ul style="list-style-type: none"> <li>• GRI 11.1: GHG Emissions</li> <li>• GRI 11.3: Air Emissions Climate Change</li> <li>• GRI 11.2: Climate Adaptation, Resilience, and Transition Waste</li> <li>• GRI 11.5: Waste Water and Effluents</li> <li>• GRI 11.6: Water and Effluents Supplier Environmental Assessment</li> <li>• GRI 308: Supplier Environmental Assessment 2016</li> </ul>	<p><b>EMPLOYMENT</b></p> <ul style="list-style-type: none"> <li>• GRI 11.10: Employment Practices Diversity and Equal Opportunity</li> <li>• GRI 11.11: Non-discrimination and Equal Opportunity Occupational Health &amp; Safety</li> <li>• GRI 11.9: Occupational Health and Safety Forced or Compulsory Labour</li> <li>• GRI 11.12: Forced Labor and Modern Slaver Our Communities</li> <li>• GRI 11.15: Local Communities</li> </ul>	<p><b>ANTI-CORRUPTION</b></p> <ul style="list-style-type: none"> <li>• GRI 11.20: Anti-corruption Compliance</li> <li>• GRI 2: General Disclosures</li> </ul>

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.



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# 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 2023 (“**FY2023**”), 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 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) 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) 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 interim 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.

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## Frequency of Meetings

- (v) Directors attend and actively participate in Board and Board Committee meetings. 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 FY2023 is set out below:-

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

\* By invitation

- (vii) Directors are consistently provided with complete, adequate and timely information prior to meetings to allow Directors to make informed decisions and to discharge their duties and responsibilities. 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 Board meetings, followed by Board papers in order for the Directors to be adequately prepared for the meetings. Key management personnel attend Board meetings to address queries from the Directors.
- (ix) 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 expense of the Company.

## Training for the Directors

- (xi) The Company is responsible for arranging and funding the training of 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 Directors to attend seminars to obtain updates on business and regulatory changes relevant to the Group.
- (xii) Directors understand the Company's business as well their directorship duties (including their roles as executive, non-executive and independent directors).
- (xiii) Directors with no prior experience as a Director of a listed company are 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

# CORPORATE GOVERNANCE REPORT

(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 this 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 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 as an Independent Director. The NC and the Board considers 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 comprises 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 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 Principles 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 5% 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.

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- (v) Mr Limjoco Ross Yu, our Independent Director, who was first appointed on 22 April 2021, would have served on the Board for around three (3) years from the date of his first appointment by the date of the forthcoming annual general meeting (“AGM”). 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 has found no reason to understand that the length of his service has in any way diminished 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 for around twelve (12) years from the date of his first appointment by the date of the forthcoming AGM. During Mr Yeo’s tenure on the Board, the Board is satisfied, upon recommendation from the NC, that he is independent in character and judgement, and found no reason to understand that the length of his service has in any way diminished his independence. Mr Yeo, who has served with distinction on our Board for around twelve (12) years, will retire at the AGM and will not seek re-election.
- (vii) The NC proposes that Ms Kang Shwu Huey, Agnes be appointed as a Non-Executive Independent Director at the Company’s forthcoming AGM. The Board, with the concurrence of the NC, has rigorously reviewed her independence and considered the need for progressive refreshing of the Board, her working experience and contributions. The Board is satisfied that she is independent in character and judgement, and has found no reason to understand that the length of her service has in any way diminished her independence. Given her wealth of business, working experience and professionalism in carrying out her duties, the NC had found Ms Kang suitable to act as an Independent Director. The Board has accepted the NC’s recommendation that Ms Kang is considered independent.
- (viii) Both the NC and the Board are of the view that Mr Limjoco Ross Yu and Ms Kang Shwu Huey, Agnes are independent and that there are no individuals or small groups of individuals who dominate the Board’s decision-making process. Mr Yu had abstained from deliberating on his independence and Ms Kang was not involved in the NC’s deliberation on her 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 intends to nominate one (1) new director, being Ms Kang Shwu Huey, for election at the forthcoming AGM as 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 Directors who held office at the end of FY2023 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, who will be retiring at the forthcoming AGM, had 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. [Mr Yeo will be retiring at the forthcoming AGM, and Mr Limjoco will be appointed in replacement of Mr Yeo as the Lead Independent Director, subject to the approval of the shareholders thereat.]

#### 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. The Board intends to nominate a new non-executive and independent director for election at the forthcoming AGM, who shall replace Mr Gerald Yeo @ Yeo Ah Khe as a member of the NC if so elected.
- (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;

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- (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's 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 circumstance 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/had 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 FY2023 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	-	-	-



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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	-	<ul style="list-style-type: none"> <li>• Sen Yue Holdings Limited</li> <li>• CFM Holdings Limited</li> <li>• MH Development Limited</li> <li>• China Supply Chain Holdings Limited</li> </ul>	-
Liang Yaling	30 April 2020	6 June 2022	-	-	-

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

Mr Gerald Yeo @ Yeo Ah Khe, who has served with distinction on our Board for more than twelve (12) years, will also retire at the Company's forthcoming AGM and will not seek re-election. The Board and Management would like to place on record its appreciation to Mr Gerald Yeo @ Yeo Ah Khe for his wise counsel and invaluable contributions to the Group.

- (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/had multiple board representations, the NC is satisfied that sufficient time and attention has been given by the Directors to the Group.

# CORPORATE GOVERNANCE REPORT

## 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. The Board intends to nominate a new non-executive and independent director for election at the forthcoming AGM, who shall replace Mr Gerald Yeo @ Yeo Ah Khe as a member of the RC if so elected.
- (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/her 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 the 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.

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- (ii) A breakdown showing the level and mix of the remuneration of each individual Director and key management personnel in FY2023 is as follows:

Remuneration Band	Base/fixed salary	Variable or performance related income/bonuses	Director's fees	Other benefits
<i>Below S\$250,000</i>				
<i>Directors</i>				
Mr Liang Guo Zhan	75%	25%	-	-
Mr Zhang Jinming	75%	25%	-	-
Mr Gerald Yeo @ Yeo Ah Khe	-	-	100%	-
Mr Limjoco Ross Yu	-	-	100%	-
Ms Liang Yaling	-	-	100%	-
<i>Key Management Personnel</i>				
Ms Lin Jinjin	75%	25%	-	-
Mr Zhang Zibin	75%	25%	-	-
Mr Xie Jingyuan*	75%	25%	-	-
Mr Xie Junyuan^	75%	25%	-	-

\* Mr Xie Jingyuan resigned as the Company's CFO on 1 June 2023.

^ Mr Xie Junyuan resigned as the Company's CFO on 31 August 2023.

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 four (4) 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 four (4) key management personnel of the Company (who are not Directors or the CEO) for FY2023 is RMB 879,168.00.
- (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 FY2023.
- (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 FY2023 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. The Board intends to nominate a new non-executive and independent director for election at the forthcoming AGM, who shall replace Mr Gerald Yeo @ Yeo Ah Khe as the Chairman and member of the AC if so elected.
- (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

# CORPORATE GOVERNANCE REPORT

director of the auditing firm; and in an 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

# CORPORATE GOVERNANCE REPORT

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 FY2023 was approximately S\$197,000.00 and there were no non-audit fees paid to the external auditors in FY2023. 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 Group 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 view of the continuing volatility in the oil and gas industry, coupled with the voluminous transactions in the Group, there is a risk that revenue may be overstated. The AC has engaged the Management over the 27.6% decline 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

# CORPORATE GOVERNANCE REPORT

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 FY2023 and is satisfied with the measures taken to maintain cashflow and compete for opportunities during this period. The AC has also reviewed and is satisfied with the external auditors' methods, procedures and steps taken in the course of their audit.

## iii. Acquisition of Companies

The AC has further engaged the Management in relation to the acquisition of shares in two (2) companies completed in 2023 and is satisfied with the measures taken to ensure that the consideration paid for such shares were fair and reasonable. 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.



# CORPORATE GOVERNANCE REPORT

- (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

# CORPORATE GOVERNANCE REPORT

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.

## Interest 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 ("**Interested Person Transaction 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 Interested Person Transaction Mandate.

The aggregate value of interested person transactions entered into during FY2023 is as follows:

# CORPORATE GOVERNANCE REPORT

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 the shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions during the financial year under review conducted under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
		RMB'000	RMB'000
<b>Chaozhou Huafeng (Group) Incorporation Ltd</b>			
Lease of storage facilities	An associate of Mr Liang Guo Zhan	5,000	5,000
<b>Chaozhou Huaxin Energy Co.,Ltd</b>			
Lease of storage facilities	An associate of Mr Liang Guo Zhan	1,000	1,000
<b>Huajie (Guangdong) Logistics Technology Co.,Ltd</b>			
Lease of LPG transportation vehicles	An associate of Mr Liang Guo Zhan	8,550	8,550
<b>Guangdong Zhongzhan New Energy Technology Co., Ltd</b>			
Sale of LPG	An associate of Mr Liang Guo Zhan	217,944	217,944
<b>Chaozhou Chao'an Huasheng Fuel Co., Ltd</b>			
Sale of LPG	An associate of Mr Liang Guo Zhan	85,140	85,140
<b>Chaozhou Chao'an Nanxiong Sheng Liquefied Gas Co., Ltd</b>			
Sale of LPG	An associate of Mr Liang Guo Zhan	69,329	69,320

# CORPORATE GOVERNANCE REPORT

<b>Chaozhou Chao'an Dengtang Huafeng Liquefied Gas Supply Co., Ltd</b>			
Sale of LPG	An associate of Mr Liang Guo Zhan	8,469	8,469
<b>Guangdong Zhongzhan Petrochemical Co., Ltd</b>			
Sale of LPG	An associate of Mr Liang Guo Zhan	20,316	20,316
<b>Chaozhou Huafeng Gas Factory Co., Ltd</b>			
Lease of port terminals, land use rights, office premises and staff dormitory	An associate of Mr Liang Guo Zhan	1,651	1,651
<b>Guangdong Huafeng Zhongtian LNG Co., Ltd</b>			
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 CEO, Director or controlling shareholder subsisting at the end of FY2023 or if not then subsisting, entered into by the Company during FY2023 or still subsisting as at 31 December 2023.

## 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.

# DIRECTORS' STATEMENT

For the financial year ended 31 December 2023

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 2023 and the statement of financial position of the Company as at 31 December 2023.

## 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 2023 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:

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

# DIRECTORS' STATEMENT

For the financial year ended 31 December 2023

## 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 2024 in the shares or debentures of the Company have not changed from those disclosed as at 31 December 2023.

## 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.

# **DIRECTORS' STATEMENT**

For the financial year ended 31 December 2023

## **7. Auditors**

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

On behalf of the directors

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**Liang Guo Zhan**  
Director

Singapore  
1 April 2024

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**Liang Yaling**  
Director

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2023

## 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 2023, 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 material accounting policies, as set out on page 43 to 99.

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 2023 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.



# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2023

## 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
<p><b>Revenue Recognition</b> (Refer to Note 4 to the financial statements)</p> <p>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.</p>	<p>Our audit procedures included, and were not limited to the following:</p> <ul style="list-style-type: none"> <li>- evaluation of the design and testing of the proper implementation of the Group's relevant key controls over the revenue recognition;</li> <li>- performance of test of controls which included testing of the operating effectiveness of key controls over the revenue cycle;</li> <li>- performance of analytical procedures, such as analysing the gross profit margins reported by the Group;</li> <li>- performance of test of details which includes inspection of corresponding delivery documents; and</li> <li>- performance of cut-off tests.</li> </ul>

Key audit matter 2	Audit response
<p><b>Existence of Cash and Cash Equivalents and Pledged Fixed Deposits</b> (Refer to Note 18 and Note 19 to the financial statements)</p> <p>As at 31 December 2023, the Group reported cash and bank balances and pledged fixed deposits of approximately RMB 161.1 million and RMB 40 million which contributed to about 20% and 5% of the total current assets respectively. Accordingly, the existence of cash and bank balances was identified as an area of focus.</p>	<p>Our audit procedures included, and were not limited to the following:</p> <ul style="list-style-type: none"> <li>- evaluation of the design and testing of the proper implementation of the Group's relevant key controls over the receipt and payment cycles;</li> <li>- 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"));</li> <li>- verification of interbank transfers against underlying supporting documentation on a sample basis;</li> <li>- examination of the year end bank reconciliations and testing of the accuracy of the closing bank balances;</li> <li>- performance of physical count of the cash on hand balances; and</li> <li>- introduction of an element of unpredictability by circularising confirmations at a date other than the financial year-end.</li> </ul>

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2023

## Report on the Audit of Financial Statements (Continued)

### Key Audit Matters (Continued)

Key audit matter 3	Audit response
<p><b>Purchase Price Allocation of Acquisition of Companies</b> (Refer to Note 13 to the financial statements)</p> <p>During the financial year, the Group had completed the acquisition of Guangxi Zhongzhan Energy Technology Co., Ltd. and Shantou Zhenyang New Energy Development Co., Ltd., by way of a total cash consideration of RMB9,926,000 and RMB2,660,000 through its wholly owned subsidiary, Chaozhou Ouhua Energy Co., Ltd, from a related party. The acquisition was accounted for using the acquisition method involving a Purchase Price Allocation (“PPA”) exercise as disclosed in Note 13 to the financial statements.</p> <p>An independent professional valuer was engaged by management to assist them in the PPA exercise and determination of the fair value of acquired assets and liabilities.</p> <p>In accordance with IFRS 3 Business Combinations, the Group is required to recognise and measure the identifiable assets (include intangible assets) acquired, the liabilities assumed and any non-controlling interest in the acquiree at their fair values at the date of acquisition. Any excess of the fair value of the consideration transferred and the amount of the non-controlling interest in the acquiree, over the fair value of the net identifiable assets acquired is recorded as goodwill.</p> <p>Given the significant management judgement required in the PPA exercise, we considered the accounting of this business combination to be a key audit matter.</p>	<p>Our audit procedures included, and were not limited to, the following:</p> <ul style="list-style-type: none"> <li>- examination of the agreements in relation to this acquisition to obtain an understanding of the transactions and the key terms, including assessing the valuation of the purchase consideration at acquisition completion date;</li> <li>- evaluation of the independence, objectivity and competency of the independent external valuer engaged for the management’s Purchase Price Allocation exercise. We considered the valuation methodologies used and assessed the reasonableness of the key assumptions used by the independent external valuer, which included the fair valuation of acquired assets and assumed liabilities in consultation with our internal valuation specialist; and</li> <li>- evaluation of the identification and fair valuation of the acquired assets and assumed liabilities by corroborating this identification with management and the understanding of the business.</li> </ul>

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2023

## 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.

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2023

## 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 Ouyang Yang, Victor.

**MAZARS LLP**  
Public Accountants and  
Chartered Accountants

Singapore

1 April 2024

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2023

	<u>Note</u>	<u>2023</u> RMB'000	<u>2022</u> RMB'000
<b>Revenue</b>	4	3,362,603	4,644,701
Cost of sales		<u>(3,223,072)</u>	<u>(4,459,657)</u>
<b>Gross profit</b>		139,531	185,044
Other operating income	5	8,493	10,764
Selling and distribution expenses		(63,332)	(70,974)
Administrative expenses		(20,313)	(20,049)
Other operating expenses		<u>(20,089)</u>	<u>(22,935)</u>
<b>Profit from operations</b>		44,290	81,850
Finance costs	6	<u>(18,596)</u>	<u>(15,179)</u>
Profit before income tax expense	7	25,694	66,671
Income tax expense	9	<u>(6,913)</u>	<u>(18,166)</u>
<b>Profit for the financial year</b>		18,781	48,505
<b>Other comprehensive loss:</b>			
<b>Components of other comprehensive income that may be reclassified subsequently to profit or loss, net of tax</b>			
Exchange differences on translation foreign operations		<u>134</u>	<u>(77)</u>
<b>Total comprehensive income for the financial year</b>		<u>18,915</u>	<u>48,428</u>
<b>Profit attributable to:</b>			
Owners of the parent		18,888	48,505
Non-controlling interests		<u>(107)</u>	<u>-</u>
		<u>18,781</u>	<u>48,505</u>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent		19,022	48,429
Non-controlling interests		<u>(107)</u>	<u>-</u>
		<u>18,915</u>	<u>48,429</u>
<b>Earnings per share attributable to owners of the Company (RMB fen per share)</b>			
Basic and diluted	10	<u>5.00</u>	<u>12.65</u>

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

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

	<u>Note</u>	<u>Group</u>		<u>Company</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>
<b>Non-current assets</b>					
Property, plant and equipment	11	224,559	155,633	-	-
Intangible assets	12	3,522	-	-	-
Investments in subsidiaries	13	-	-	284,277	284,277
<b>Total non-current assets</b>		<u>228,081</u>	<u>155,633</u>	<u>284,277</u>	<u>284,277</u>
<b>Current assets</b>					
Inventories	14	246,220	104,950	-	-
Trade and other receivables	15	297,901	305,862	-	-
Due from related parties	16	71,934	26,147	68	68
Derivative financial instruments	17	-	6,260	-	-
Pledged fixed deposits	18	40,006	81,986	-	-
Cash and cash equivalents	19	161,122	131,848	13,266	6,457
<b>Total current assets</b>		<u>817,183</u>	<u>657,053</u>	<u>13,334</u>	<u>6,525</u>
<b>Total assets</b>		<u>1,045,264</u>	<u>812,686</u>	<u>297,611</u>	<u>290,802</u>
<b>Current liabilities</b>					
Trade and other payables	20	171,626	60,312	4,341	4,233
Due to related parties	16	9,564	9,874	4,613	4,536
Due to a subsidiary	21	-	-	50,126	37,992
Due to a holding company	21	1,771	1,741	1,771	1,741
Bank borrowings	22	477,127	393,951	-	-
Lease liabilities	23	10,665	5,294	-	-
Income tax payable		11,140	23,003	-	-
<b>Total current liabilities</b>		<u>681,893</u>	<u>494,175</u>	<u>60,851</u>	<u>48,502</u>
<b>Non-current liabilities</b>					
Lease liabilities	23	46,338	27,683	-	-
Deferred tax liabilities	24	7,728	2,186	-	-
<b>Total non-current liabilities</b>		<u>54,066</u>	<u>29,869</u>	<u>-</u>	<u>-</u>
<b>Net assets</b>		<u>309,305</u>	<u>288,642</u>	<u>236,760</u>	<u>242,300</u>
<b>Issued capital and reserves attributable to owners of the Company</b>					
Share capital	25	149,488	149,488	149,488	149,488
Treasury shares	26	(2,506)	-	(2,506)	-
Share premium	27	130,298	130,298	130,298	130,298
Statutory reserve	28	20,953	18,730	-	-
Foreign currency translation reserve	29	3,796	3,662	(41,441)	(40,719)
Accumulated profits/(losses)		3,129	(13,536)	921	3,233
Total equity attributable to owners of the Company		<u>305,158</u>	<u>288,642</u>	<u>236,760</u>	<u>242,300</u>
Non-controlling interests		<u>4,147</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total equity</b>		<u>309,305</u>	<u>288,642</u>	<u>236,760</u>	<u>242,300</u>

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 2023

	Share capital RMB'000	Treasury share RMB'000	Shares premium RMB'000	Statutory reserve RMB'000	Foreign currency translation reserve RMB'000	Accumulated losses RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
<b>Balance at 1 January 2022</b>	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)	-	-
Other comprehensive loss: Exchange differences on translating foreign operations	-	-	-	-	(77)	-	-	(77)
Total comprehensive (loss)/income for the financial year	-	-	-	3,068	(77)	45,437	-	48,428
<b>Balance at 31 December 2022</b>	149,488	-	130,298	18,730	3,662	(13,536)	-	288,642
Profit for the financial year	-	-	-	-	-	18,888	(107)	18,781
Other comprehensive loss: Exchange differences on translating foreign operations	-	-	-	-	134	-	-	134
Total comprehensive income/(loss) for the financial year	-	-	-	-	134	18,888	(107)	18,915
Transfer to statutory reserve	-	-	-	2,223	-	(2,223)	-	-
Purchase of treasury shares	-	(2,506)	-	-	-	-	-	(2,506)
Arising from acquisition	-	-	-	-	-	-	4,254	4,254
<b>Balance at 31 December 2023</b>	149,488	(2,506)	130,298	20,953	3,796	3,129	4,147	309,305

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 2023

	<u>Note</u>	<u>2023</u> RMB'000	<u>2022</u> RMB'000
<b>Operating activities</b>			
Profit before income tax expense		25,694	66,671
Adjustments for:			
Depreciation of property, plant and equipment	11	20,284	21,415
Amortisation of intangible assets	12	44	-
Gain on termination of lease	5	-	(299)
Interest income	5	(566)	(862)
Interest expense	6	18,596	15,179
Loss on written-off of property, plant and equipment	7	16	128
Gain on settlement of derivative financial instruments	5	(985)	-
Fair value gain on derivative financial instruments	5	-	(3,764)
Operating profit before movements in working capital		63,083	98,468
Changes in working capital			
Inventories		(141,270)	108,586
Trade and other receivables		12,875	(201,996)
Due from related parties		(45,787)	40,721
Margin deposits		-	387
Trade and other payables		86,655	(106,039)
Cash used in operations		(24,444)	(59,873)
Interest received		566	862
Income tax paid		(16,246)	(18,166)
<b>Net cash flows used in operating activities</b>		<b>(40,124)</b>	<b>(77,177)</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment <sup>1</sup>	11	(16,537)	(31,913)
Acquisition of subsidiary	13	(10,971)	-
Proceeds from disposal of derivative financial instruments		7,245	-
Proceeds from disposal of property, plant and equipment		174	-
Purchase of derivative financial instruments		-	(2,340)
<b>Net cash flows used in investing activities</b>		<b>(20,089)</b>	<b>(34,253)</b>
<b>Financing activities</b>			
Decrease/(Increase) in pledged fixed deposits		41,980	(70,795)
Repayment from a related party		(9,933)	1,834
Proceeds from bank borrowings		477,127	823,662
Repayments of bank borrowings		(410,134)	(650,696)
Repayments of lease liabilities		(7,212)	(6,969)
Purchase of treasury shares		(2,506)	-
Effect of foreign currency re-alignment on financing activities		30	2,318
<b>Net cash generated from financing activities</b>		<b>89,352</b>	<b>99,354</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>29,139</b>	<b>(12,076)</b>
Cash and cash equivalents at beginning of financial year		131,848	143,853
Effect of foreign exchange rate changes in cash and cash equivalents		135	71
<b>Cash and cash equivalents at end of financial year</b>	19	<b>161,122</b>	<b>131,848</b>

<sup>1</sup> During the financial year, the Group acquired property, plant and equipment with aggregate cost of RMB 46,060,000 (2022: RMB 59,417,000) of which RMB 29,523,000 (2022: RMB 27,504,000) was acquired by means of lease and RMB 16,537,000 (2022: RMB 31,913,000) by way of cash.

*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 2023

## Reconciliation of assets/liabilities arising from financing activities

	2023					2022					
	1 January	Financing cash inflows	Financing cash outflows	Non-cash movements		1 January	Financing cash inflows	Financing cash outflows	Non-cash movements		
	RMB'000	RMB'000	RMB'000	Lease modification RMB'000	Interest expense RMB'000	Foreign exchange movement RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Liabilities</b>											
Due to related parties	9,874	9,623	(9,933)	-	-	-	-	-	-	-	9,564
Due to a holding company	1,741	-	-	-	-	30	-	-	-	-	1,771
Bank borrowings	393,951	477,127	(410,134)	-	16,183	-	-	-	-	-	477,127
Lease liabilities	32,977	11,190	(7,212)	18,259	1,789	-	-	-	-	-	57,003
	(81,986)	41,980	-	-	-	-	-	-	-	-	(40,006)
<b>Assets</b>											
Pledged fixed deposits											
<b>Liabilities</b>											
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
	(7,912)	-	(70,795)	-	-	(3,279)	-	-	-	-	(81,986)

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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 2023 were authorised for issue in accordance with a resolution of the directors of the Company on the date of Directors’ Statement.

## 2. Summary of material 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 2023. 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. Summary of material accounting policies (Continued)

### 2.1 Basis of preparation (Continued)

The Group adopted the amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies in the current financial year. The amendments require the disclosure of “material” instead of “significant” accounting policy information and provides guidance to assist the entity in providing useful, entity-specific accounting policy information for the users’ understanding of the financial statements. Accordingly, management had reviewed the accounting policies and updated the information disclosed in Note 2 Summary of material accounting policies in line with the amendments.

*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)
IAS 1	Amendments to IAS 1: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Various	Amendments to IAS 1: <i>Non-current Liabilities with Covenants</i>	1 January 2024
IFRS 16	Amendments to IFRS 16: <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
IAS 7, IFRS 7	Amendments to IAS 7 and IFRS 7: <i>Supplier Finance Arrangements</i>	1 January 2024
IAS 21, IFRS 1	Amendments to IAS 21: <i>Lack of Exchangeability</i>	1 January 2025
IFRS 10, IAS 28	Amendments to IFRS 10 and IAS 28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. Summary of material accounting policies (Continued)

### 2.2 Basis of consolidation (Continued)

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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. Summary of material accounting policies (Continued)

### 2.3 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method when the acquired set of activities and assets constitute a business. When determining the acquired set of activities and assets constitute a business, the Group assesses whether the acquired set of activities and assets includes, at a minimum, an input and substantive process, which together contribute to the creation of outputs.

The Group has the option to apply a “concentration test” as a simplified assessment to determine whether an acquired set of activities and assets is not a business. The Group makes the election separately for each transaction or other event. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. For each business combination, the Group determines whether to measure the non-controlling interests in the acquiree at fair value or at proportionate share in the recognised amounts of the acquiree’s identifiable net assets. Acquisition-related costs are recognised in profit or loss as incurred and included in administrative expenses.

The acquiree’s identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at the lower of cost and fair value less costs to sell.

The Group recognises any contingent consideration to be transferred for the acquiree at the fair value on the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement shall be accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group’s previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree’s identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. Summary of material accounting policies (Continued)

### 2.3 Business combinations (Continued)

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 Share-based Payment; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit (including the goodwill), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

The attributable amount of goodwill is included in the determination of gain or loss on disposal of the subsidiary or jointly controlled entity.

#### *Measurement of non-controlling interest*

The measurement option is elected for each individual business combination and does not constitute an accounting policy choice for similar transactions. Selecting the option will require management to carefully consider their future intentions regarding transactions with non-controlling interest, since the two options, combined with the revisions to accounting for changes in ownership interest of a subsidiary will potentially result in significantly different amounts of goodwill and equity.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. Summary of material accounting policies (Continued)

### 2.4 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.

#### 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.

#### Sale of electricity

Revenue from the sale of electricity is recognised over time when electricity is delivered to consumers, or upon transmission to the power grid.

### 2.5 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.

### 2.6 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. Summary of material accounting policies (Continued)

### 2.7 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.

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 and does not give rise to equal taxable and deductible temporary differences.

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.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. Summary of material accounting policies (Continued)

### 2.8 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.

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.

### 2.9 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. Summary of material accounting policies (Continued)

### 2.9 Property, plant and equipment (Continued)

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:

	<u>Annual Depreciation rates</u>
Building and storage	3% - 4.5%
Vessel	5%
Plant and machinery	4% - 9%
Motor vehicles	9%
Office equipment	18%
Leasehold improvements	33 $\frac{1}{3}$ %

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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. Summary of material accounting policies (Continued)

### 2.10 Intangible assets

Acquired intangible assets are initially measured at cost. The cost of intangible assets acquired in a business combination is initially measured at their fair value at the acquisition date. Subsequent to initial recognition, the intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

Acquired intangible assets have either finite or indefinite useful life.

Intangible assets with finite useful life are amortised over its useful life, using its straight-line method, over the following bases:

	<u>Annual amortisation rates</u>
Customer relationship	5%

The amortisation charge is recognised in profit or loss and is assessed for impairment when there is an indication that the intangible asset may be impaired. The estimated amortisation period and amortisation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

The intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal, with any gain or loss arising from the derecognition of an intangible asset, being the difference between the net disposal proceeds and the carrying amount of the asset, recognised in profit or loss.

### 2.11 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. Summary of material accounting policies (Continued)

### 2.12 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.

##### 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. Summary of material accounting policies (Continued)

### 2.12 Financial instruments (Continued)

#### Financial assets (Continued)

##### Effective interest method (Continued)

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.

##### 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. Summary of material accounting policies (Continued)

### 2.12 Financial instruments (Continued)

#### Financial assets (Continued)

##### 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.

##### 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.

##### *Treasury shares*

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale issue or cancellation of treasury shares.

##### 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. Summary of material accounting policies (Continued)

### 2.12 Financial instruments (Continued)

#### **Financial liabilities and equity instruments (Continued)**

##### Financial liabilities (Continued)

##### Initial recognition and measurement (Continued)

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.

#### **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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. Summary of material accounting policies (Continued)

### 2.13 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.

### 2.14 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.

### 2.15 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.

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.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. Summary of material accounting policies (Continued)

### 2.15 Leases (Continued)

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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. Summary of material accounting policies (Continued)

### 2.16 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.

### 2.17 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.

### 2.18 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 3. Critical accounting judgements and key sources of estimation uncertainty

### 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 2023 is RMB 1,169,000 (2022: RMB 1,169,000) (Note 31).

(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 2023 was RMB 284,277,000 (2022: RMB 284,277,000).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

### 3.2 Key sources of estimation uncertainty (Continued)

#### (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 be 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 2023 was RMB 224,559,000 (2022: RMB 155,633,000).

#### (iv) Business combination

During the financial year, the Group had completed the acquisition of Guangxi Zhongzhan Energy Technology Co., Ltd., ("GXZZ") and Shantou Zhenyang New Energy Development Co., Ltd., ("STZY") through its wholly owned subsidiary, Chaozhou Ouhua Energy Co., Ltd, from a related party. The acquisition was accounted for using the acquisition method involving a Purchase Price Allocation ("PPA") exercise.

The Group engaged an external professional valuer to perform the purchase price allocation exercise, which involves the fair valuation of assets acquired and liabilities assumed and the identification and valuation of intangible assets. The identification of such assets acquired and liabilities assumed and their measurement at fair value and the determination of the resulting goodwill is inherently judgemental and require significant amount of management estimation. The fair values of the identifiable assets acquired and liabilities assumed of GXZZ and STZY and the resulting goodwill are disclosed in Note 13 to the financial statements.

#### (v) 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 2023 was RMB 224,559,000 (2022: RMB 155,633,000).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

#### 3.2 Key sources of estimation uncertainty (Continued)

(vi) 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 2023 was RMB 246,220,000 (2022: RMB 104,950,000). There was no allowance made on inventory for the year ended 31 December 2023 and 2022.

(vii) 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 2023 was RMB 11,140,000 (2022: RMB 23,003,000).

### 4. Revenue

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 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:

	Liquefied Petroleum Gas		Others		Total	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
<b>Primary geographical markets</b>						
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
<b>Major product/service lines</b>						
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
<b>Timing of revenue recognition</b>						
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	
	2023 RMB'000	2022 RMB'000
Contract liabilities (Note 20)	(28,893)	(43,059)
Revenue recognised that was included in the contract liability balance at the beginning of the year	43,059	46,932

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

Transaction price allocated to the remaining unsatisfied or partially satisfied performance obligations and expected to be realised in the following financial years are as follows:

	Group	
	2023 RMB'000	2022 RMB'000
Within one year	28,893	43,059

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 5. Other operating income

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
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 on termination of lease	-	299
Gain on settlement of derivative financial instruments	985	-
Warehouse handling fee income	-	246
Utilities income	56	40
Waste management income	509	-
Others	126	26
	8,493	10,764

\* 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

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

## 7. Profit before income tax expense

The following charges/(credit) were included in the determination of profit before taxation:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Audit fees paid to auditors		
- Auditors of the Company	648	539
- Other auditors	400	293
Depreciation of property, plant and equipment (Note 11)	20,284	21,415
Employee benefit costs (Note 8)	16,764	18,308
Marine freight	50,790	56,537
Foreign exchange loss - net	10,582	6,376
Loss on settlement of derivative financial instruments	-	8,456
Amortisation on intangible asset	44	-
Loss on written-off of property, plant and equipment	16	128
	16	128

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 8. Employee benefits costs

	<u>Group</u>	
	<u>2023</u> RMB'000	<u>2022</u> 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.

## 9. Income tax expense

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

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

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.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 10. Earnings per share

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

	<u>2023</u>	<u>2022</u>
Profit attributed to equity holders (RMB'000)	<u>18,888</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>5.00</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 during the financial years 2023 and 2022.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 11. Property, plant and equipment

<u>Group</u>	<u>Buildings and storage</u> RMB'000	<u>Vessel</u> RMB'000	<u>Plant and machinery</u> RMB'000	<u>Motor vehicles</u> RMB'000	<u>Office equipment</u> RMB'000	<u>Leasehold improvements</u> RMB'000	<u>Construction in progress</u> RMB'000	<u>Right-of-use</u> RMB'000	<u>Total</u> RMB'000
<u>Cost</u>									
Balance at 1 January 2022	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
Acquisition of subsidiaries (Note 13)	-	-	43,340	-	-	-	-	11,265	54,605
Additions	-	-	605	100	1,037	9,945	4,850	18,258	34,795
Transfer	-	-	309	-	-	-	(309)	-	-
Disposal/Written off	-	-	(1,695)	(10)	(190)	-	-	(2,839)	(4,734)
Balance at 31 December 2023	185,512	115,000	81,278	6,030	4,468	42,122	8,048	69,119	511,577
<u>Accumulated depreciation</u>									
Balance at 1 January 2022	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
Charged for the financial year	2,071	5,244	3,273	512	811	2,756	-	5,617	20,284
Disposal/Written off	-	-	(1,526)	(9)	(170)	-	-	(2,839)	(4,544)
Balance at 31 December 2023	147,035	66,380	30,316	2,726	2,947	19,327	-	13,311	282,042
<u>Accumulated impairment losses</u>									
Balance at 31 December 2022 and 2023	-	4,976	-	-	-	-	-	-	4,976
<u>Carrying amount</u>									
At 31 December 2023	38,477	43,644	50,962	3,304	1,521	22,795	8,048	55,808	224,559
At 31 December 2022	40,548	48,888	10,150	3,717	1,315	15,606	3,507	31,902	155,633

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 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 55,808,000 (2022: RMB 31,902,000). Details of right-of-use assets are disclosed in Note 23. In previous financial year, the Group renegotiated and early terminated an existing lease contract for a port terminal. 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. Intangible assets

	<b>Customer relationship RMB’000</b>	<b>Total RMB’000</b>
<b><u>Group</u></b>		
<b><u>Cost</u></b>		
At 1 January 2023	-	-
Acquisition of subsidiaries (Note 13)	3,566	3,566
At 31 December 2023	3,566	3,566
<b><u>Accumulated amortization</u></b>		
At 1 January 2023	-	-
Amortisation charge for the year	44	44
At 31 December 2023	44	44
<b><u>Carrying amounts</u></b>		
At 31 December 2023	3,522	3,522

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 13. Investments in subsidiaries

	<u>Company</u>	
	<u>2023</u> RMB'000	<u>2022</u> RMB'000
Unquoted equity investment, at cost	221,417	221,417
Loan to a subsidiary <sup>(a)</sup>	62,860	62,860
Less: Allowance for impairment <sup>(b)</sup>	-	-
	<u>284,277</u>	<u>284,277</u>
<i>Allowance for impairment</i>		
Balance at 1 January	-	(65,140)
Reversal of allowance for impairment	-	109,025
Currency translation	-	(43,885)
Balance at 31 December	<u>-</u>	<u>-</u>

<sup>(a)</sup> 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 2023, 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 Nil (2022: RMB 62,860,000) was recognised in other income of the Company for the financial year ended 31 December 2023, 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.

<sup>(b)</sup> During the prior 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:

	<u>2022</u> %
Average revenue growth rate	4.3
Terminal growth rate	1.5
Discount rate	<u>11.8</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 13. Investments in subsidiaries (Continued)

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.

The Group has the following investments in subsidiaries:

Name of subsidiary/ <u>(Principal place of business)</u>	<u>Registered capital</u>	Effective equity held by the Group		<u>Principal activities</u>
		<u>2023</u>	<u>2022</u>	
		%	%	
Chaozhou Ouhua Energy Co., Ltd <sup>(1)</sup> (PRC)	RMB221,416,000	100	100	Import, processing and wholesale of liquefied petroleum gas
Ouhua Energy (Singapore) Pte. Ltd. <sup>(2)</sup> (Singapore)	S\$100	100	100	Dormant
<b><u>Held through Chaozhou Ouhua Energy Co., Ltd</u></b>				
Guangxi Zhongzhan Energy Technology Co., Ltd. (PRC) <sup>(1)</sup>	RMB9,000,000	70	-	Photovoltaic power generation
Guangxi Guosheng New Energy Technology Co., Ltd. (PRC) <sup>(1)</sup>	RMB2,000,000	70	-	Photovoltaic power generation
Shantou Zhenyang New Energy Development Co., Ltd. (PRC) <sup>(1)</sup>	RMB1,000,000	100	-	Photovoltaic power generation

<sup>(1)</sup> Audited by an overseas fellow member firm of Mazars LLP for consolidation purpose.

<sup>(2)</sup> 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.

### **Acquisition of Guangxi Zhongzhan and Shantou Zhenyang**

In September 2023, the Company completed the acquisition of Guangxi Zhongzhan Energy Technology Co., Ltd. ("Guangxi Zhongzhan"), 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. ("Guangxi Guosheng"), was a wholly owned subsidiary of Guangxi Zhongzhan Energy Technology Co., Ltd.

In September 2023, the Company completed the acquisition of Shantou Zhenyang New Energy Development Co., Ltd. ("Shantou Zhenyang"), 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 13. Investments in subsidiaries (Continued)

### Acquisition of Guangxi Zhongzhan and Shantou Zhenyang (Continued)

#### Assets and liabilities recognised as a result of the acquisition

The fair value of the identifiable assets of the acquired subsidiaries as at the acquisition date were:

	Fair value recognised on acquisition		
	Guangxi Zhongzhan RMB'000	Shantou Zhenyang RMB'000	Total RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	44,516	10,089	54,605
Intangible assets	2,113	1,453	3,566
<b>Total non-current assets</b>	<b>46,629</b>	<b>11,542</b>	<b>58,171</b>
<b>Current assets</b>			
Trade and other receivables	3,811	1,103	4,914
Cash and cash equivalents	818	797	1,615
<b>Total current assets</b>	<b>4,629</b>	<b>1,900</b>	<b>6,529</b>
<b>Total assets</b>	<b>51,258</b>	<b>13,442</b>	<b>64,700</b>
<b>Non-current liability</b>			
Deferred tax liabilities	2,127	884	3,011
<b>Current liabilities</b>			
Trade and other payables	4,468	274	4,742
Due to related parties	19,293	9,623	28,916
Lease liabilities	11,190	-	11,190
Income tax payable	-	1	1
<b>Total current liabilities</b>	<b>34,951</b>	<b>9,898</b>	<b>44,849</b>
<b>Total liabilities</b>	<b>37,078</b>	<b>10,782</b>	<b>47,860</b>
<b>Total identifiable net assets</b>	<b>14,180</b>	<b>2,660</b>	<b>16,840</b>
Less: Non-controlling interests measured at the non controlling interests' proportionate share	(4,254)	-	(4,254)
<b>Total consideration transferred</b>	<b>9,926</b>	<b>2,660</b>	<b>12,586</b>
<u>Consideration transferred for the acquisition</u>			
Cash paid, representing the total consideration transferred	9,926	2,660	12,586
<b>Effects of the acquisition of subsidiaries on cash flows</b>			
Total consideration for equity interest acquired settled in cash	9,926	2,660	12,586
Less: cash and cash equivalents of subsidiaries acquired	(818)	(797)	(1,615)
Net cash outflow on acquisition	9,108	1,863	10,971

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 13. Investments in subsidiaries (Continued)

### Acquisition of Guangxi Zhongzhan and Shantou Zhenyang

#### Acquired receivables

The fair value of trade and other receivables is RMB 4,919,000 and includes trade receivables with a fair value of RMB 787,000. The gross contractual amount for trade and other receivables due is RMB 4,919,000.

#### Impact of acquisition on profit or loss

From the date of acquisition, the acquired subsidiaries contributed revenue of RMB 1,067,000 and loss of RMB 167,000 to the Group's results. If the business combination had taken place at the beginning of the year, the Group's consolidated revenue and consolidated profit after tax for the year ended 31 December 2023 would have been RMB 3,364,421,000 and RMB 18,569,000 respectively.

	<b>Guangxi Zhongzhan RMB'000</b>	<b>Shantou Zhenyang RMB'000</b>	<b>Total RMB'000</b>
For the period from 30 September 2023 to 31 December 2023:			
Revenue	749	318	1,067
Profit/(loss) after tax	(194)	27	(167)
<hr/>			
For the financial year ended 31 December 2023:			
Revenue	1,597	1,288	2,885
Profit/(loss) after tax	(426)	47	(379)
<hr/>			

## 14. Inventories

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 15. Trade and other receivables

	<u>Group</u>	
	<u>2023</u> RMB'000	<u>2022</u> RMB'000
Trade receivables – third parties	28,985	35,683
Less: loss allowance (Note 30)	<u>(1,169)</u>	<u>(1,169)</u>
	27,816	34,514
Prepayments	656	402
Security deposits	73,550	-
Advances to suppliers	185,874	269,265
Value added tax recoverable - net	9,554	-
Others	626	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 10 days (2022: 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 31.

The security deposits made to third-party construction consultants for the upcoming production base, wharf and living area upgrading projects.

## 16. Due from/to related parties

	<u>Group</u>		<u>Company</u>	
	<u>2023</u> RMB'000	<u>2022</u> RMB'000	<u>2023</u> RMB'000	<u>2022</u> RMB'000
<b>Due from a related party</b>				
Trade	63,674	25,444	-	-
Non-trade	<u>8,260</u>	<u>703</u>	<u>68</u>	<u>68</u>
	<u>71,934</u>	<u>26,147</u>	<u>68</u>	<u>68</u>
<b>Due to related parties</b>				
Non-trade	<u>9,564</u>	<u>9,874</u>	<u>4,613</u>	<u>4,536</u>

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

## 17. Derivative financial instruments

	<u>Group</u>	
	<u>2023</u> RMB'000	<u>2022</u> RMB'000
<b>Derivatives contracts</b>		
Commodity paper derivative instruments	-	2,298
Foreign currency forward contracts	<u>-</u>	<u>3,962</u>
	<u>-</u>	<u>6,260</u>



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 17. Derivative financial instruments (Continued)

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. 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:

<u>Group</u>	<u>Average exchange rate</u>		<u>Notional values</u>		<u>Settlement date</u>
	<u>2023</u>	<u>2022</u>	<u>2023</u> RMB'000	<u>2022</u> RMB'000	
<u>Nature</u>					
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. The fair values are measured based on estimated valuation derived from market quotations.

## 18. Pledged fixed deposits

Fixed deposits at the end of the financial year have an average maturity 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.

## 19. Cash and cash equivalents

	<u>Group</u>		<u>Company</u>	
	<u>2023</u> RMB'000	<u>2022</u> RMB'000	<u>2023</u> RMB'000	<u>2022</u> 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 December 2023, the Group has cash and cash equivalents placed with banks in the PRC amounting to RMB 145,061,000 (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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 20. Trade and other payables

	<u>Group</u>		<u>Company</u>	
	<u>2023</u> RMB'000	<u>2022</u> RMB'000	<u>2023</u> RMB'000	<u>2022</u> RMB'000
Trade payables	125,054	1,125	-	-
Accrued expenses	6,477	5,092	1,664	1,622
Interest payable	674	1,743	-	-
Contract liabilities	28,893	43,059	-	-
Due to a director	2,630	2,586	2,630	2,586
Others	7,898	6,707	47	25
	<u>171,626</u>	<u>60,312</u>	<u>4,341</u>	<u>4,233</u>
Total trade and other payables	<u>171,626</u>	<u>60,312</u>	<u>4,341</u>	<u>4,233</u>

Trade payables are non-interest bearing and are normally settled on 30 days (2022: 30 days) terms while other payables have an average term of 10 days (2022: 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.

## 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

	<u>Group</u>	
	<u>2023</u> RMB'000	<u>2022</u> 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	-
	<u>477,127</u>	<u>393,951</u>

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 3.25% (2022: 2.09%) and 4.50% (2022: 4.93%).

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

- Bank loan A 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 2024. The effective interest rate of the bank loan at the reporting date is 4.15% per annum.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 22. Bank borrowings (Continued)

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

- Bank loan B 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 2024. The effective interest rate of the bank loan at the reporting date is 4.15% per annum.
- 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 June 2024. 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 2024. 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 and land 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:

	<b>Office premises and land RMB'000</b>	<b>Port terminals RMB'000</b>	<b>Total RMB'000</b>
<b><u>Group</u></b>			
At 1 January 2022	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)
	<hr/>	<hr/>	<hr/>
At 31 December 2022	2,117	29,785	31,902
Addition	29,524	-	29,524
Depreciation	(1,525)	(4,092)	(5,617)
	<hr/>	<hr/>	<hr/>
At 31 December 2023	<u>30,116</u>	<u>25,693</u>	<u>55,809</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 23. The Group as a lessee (Continued)

### 23(a) Right-of-use assets (Continued)

The total cash outflow for leases during the financial year ended 31 December 2023 is RMB 7,212,000 (2022: RMB 6,969,000).

### 23(b) Lease liabilities

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

The maturity analysis of lease liabilities is disclosed in Note 31.

### 23(c) Amounts recognised in profit or loss

	<u>Group</u>	
	<u>2023</u> RMB'000	<u>2022</u> RMB'000
Interest expense on lease liabilities	311	1,871
Expense relating to short-term leases	23,662	6,500
	23,973	8,371

## 24. Deferred tax liabilities

	<u>Group</u>	
	<u>2023</u> RMB'000	<u>2022</u> RMB'000
Deferred tax liabilities	7,728	2,186

Movements in deferred tax liabilities of the Group during the financial year are as follows:

	<u>Provisions and accelerated tax depreciation</u> RMB'000	<u>Fair value adjustment of assets acquired (Note a)</u> RMB'000	<u>Total</u> RMB'000
<b>Group</b>			
At 1 January 2022	2,326	-	2,326
Charge to profit or loss	(140)	-	(140)
	2,186	-	2,186
At 31 December 2022	2,186	-	2,186
Acquisition of subsidiaries	-	(3,011)	(3,011)
Credit to profit or loss	8,553	-	8,553
	10,739	(3,011)	7,728
At 31 December 2023	10,739	(3,011)	7,728

(a) The deferred tax liability is recognised in respect of the fair value adjustment on property, plant and equipment and intangible assets of the acquired subsidiaries described in Note 13.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 25. Share capital

	Group and Company					
	<u>2023</u> No. of ordinary shares '000	<u>2022</u> '000	<u>2023</u>		<u>2022</u>	
			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
<b>Issued and fully paid</b>						
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. Treasury shares

	Group and Company			
	<u>2023</u> Number of ordinary shares	<u>2022</u>	<u>2023</u> RMB'000	<u>2022</u> RMB'000
<b>Issued and paid up:</b>				
At beginning of year	-	-	-	-
Repurchased during the year	5,707,900	-	2,506	-
At end of year	5,707,900	-	2,506	-

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 RMB2,506,000.

## 27. Share premium

	Group and Company			
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	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.

## 28. 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 28. Statutory reserve (Continued)

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.

## 29. 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.

## 30. 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 30. 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

	<u>2023</u> RMB'000	<u>Group</u> <u>2022</u> RMB'000
<b>Revenue</b>		
Sale of LPG to related parties	401,198	666,517
<b>Expenses</b>		
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	(6,000)	(6,500)
Interest on loan from related party	(624)	-
	401,198	666,517

### (b) Compensation of key management personnel

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

	<u>2023</u> RMB'000	<u>Group</u> <u>2022</u> RMB'000
Directors' fees	522	447
Directors' salaries	1,277	1,529
	1,799	1,976

## 31. 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:

	<u>Note</u>	<u>2023</u> RMB'000	<u>Group</u> <u>2022</u> RMB'000
<b><i>Financial assets at fair value through profit or loss</i></b>			
Derivatives financial assets	17	-	6,260
		-	6,260

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 31. Financial instruments and financial risk (Continued)

### *Financial instruments by category (Continued)*

	<u>Note</u>	<u>2023</u> RMB'000	<u>Group</u> <u>2022</u> RMB'000
<b><i>Financial assets at amortised cost</i></b>			
Trade receivables – third parties	15	27,816	34,514
Other receivables ( <i>excluding prepayment and advance to suppliers</i> )	15	74,001	1,681
Due from a related party	16	71,934	26,147
Pledged fixed deposits	18	40,006	81,986
Cash and cash equivalents	19	161,122	131,848
		<u>374,879</u>	<u>276,176</u>
<b><i>Financial liabilities at amortised cost</i></b>			
Trade payables	20	125,054	1,125
Other payables ( <i>excluding contract liabilities</i> )	20	17,679	16,128
Due to a related party	16	9,564	9,874
Due to a holding company	21	1,771	1,741
Bank borrowings	22	477,127	393,951
Lease liabilities	23	57,003	32,977
		<u>688,198</u>	<u>455,796</u>
			<b><u>Company</u></b>
	<u>Note</u>	<u>2023</u> RMB'000	<u>2022</u> RMB'000
<b><i>Financial assets at amortised cost</i></b>			
Cash and cash equivalents	19	13,266	6,457
Due from a related party	16	68	68
		<u>13,334</u>	<u>6,525</u>
<b><i>Financial liabilities at amortised cost</i></b>			
Trade and other payables	20	4,340	4,233
Due to related parties	16	4,613	4,536
Due to a subsidiary	21	50,126	37,992
Due to a holding company	21	1,771	1,741
		<u>60,850</u>	<u>48,502</u>

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.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 31. 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 2023 and 2022, 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 <sup>(Note 1)</sup>	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 <sup>(Note 2)</sup> or financial asset is > 30 days past due	Lifetime ECL
4	Evidence indicates that financial asset is credit-impaired <sup>(Note 3)</sup>	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 <sup>(Note 4)</sup>	Written-off

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 31. 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 31. Financial instruments and financial risk (Continued)

### Credit risk (Continued)

Note 4. Write off (Continued)

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

At the reporting date, the Group's trade receivables comprise 3 customers (2022: 3 customers), a related party of the Group and 2 unrelated customers (2022: a related party of the Group and 2 unrelated customers), that represented more than 89% (2022: 78%) 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 15 and 16)

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:

	Current	Past due				Total
		1 to 30 days	31 – 60 days	61 – 90 days	More than 90 days	
<b>31 December 2023</b>						
Expected credit loss rates	0%	0%	0%	0%	100%	
Trade receivables (gross) – third parties (RMB'000)	27,816	-	-	-	1,169	28,985
Trade receivables (gross) – related parties (RMB'000)	63,674	-	-	-	-	63,674
Loss allowance (including credit impaired) (RMB'000)	-	-	-	-	1,169	1,169
<b>31 December 2022</b>						
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

As of 31 December 2023, the Group recorded trade amount due from a related party of RMB 63,674,000 (2022: RMB 25,444,000). 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 31. Financial instruments and financial risk (Continued)

### *Credit risk (Continued)*

Other receivables (Note 15) and non-trade amount due from related parties (Note 16)

As of 31 December 2023, the Group recorded other receivables of RMB626,000 (31 December 2022: RMB1,856,000). The Group assessed the latest performance and financial position of the respective debtor, adjusted for the future outlook of the industry which the debtors operate in, by referring to expert publications on the industry, and for any market talks on the debtors' credit reputation and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial asset. Accordingly, the Group measured the loss allowance using 12-month ECL and the loss allowance for other receivables amounting to RMB175,000 (31 December 2022: RMB175,000) is pertain to credit impaired debtors.

As of 31 December 2023, the Group recorded amount due from related parties of RMB8,260,000 (31 December 2022: RMB703,000) consequent to an advance to the related parties. The Group assessed the loss allowance of these amounts on a 12-month ECL basis consequent to their assessment and conclusion that these receivables are of low credit risk. In its assessment of the credit risk of the related parties, the Company considered amongst other factors, the financial position of the related parties as of 31 December 2023, the past financial performance and cashflow trends, adjusted for the outlook of the industry and economy in which the subsidiaries operate in. Using 12-month ECL, the Company determined that the ECL is insignificant.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 31. Financial instruments and financial risk (Continued)

### Credit risk (Continued)

Other receivables (Note 15) and non-trade amount due from related parties (Note 16) (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:

<u>Internal credit risk grading</u>	<u>Trade receivables – third parties</u>		<u>Amount due from related parties</u>		<u>Other receivables</u>	
	<u>Note (i)</u> RMB'000	<u>Category 4</u> RMB'000	<u>Total</u> RMB'000	<u>Note (i)</u> RMB'000	<u>Category 1</u> RMB'000	<u>Total</u> RMB'000
<b>Loss allowance</b>						
At 1 January 2022	-	1,169	1,169	-	-	368
Reversal of utilised amount	-	-	-	-	-	(193)
At 31 December 2022	-	1,169	1,169	-	-	175
Reversal of utilised amount	-	-	-	-	-	-
At 31 December 2023	-	1,169	1,169	-	-	175
<b>Gross carrying amount</b>						
At 31 December 2022	34,514	1,169	35,683	25,444	703	26,147
At 31 December 2023	27,816	1,169	28,985	63,674	8,260	71,934
<b>Net carrying amount</b>						
At 31 December 2022	34,514	-	34,514	25,444	703	26,147
At 31 December 2023	27,816	-	27,816	63,674	8,260	71,934

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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 31. 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).

	Effective interest rate %	Less than 1 year RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
<b>Group</b>					
<b>Undiscounted financial assets</b>					
Trade receivables – third parties	-	27,816	-	-	27,816
Other receivables (excluding prepayment, advance to suppliers and VAT tax receivables) <sup>(i)</sup>	-	74,001	-	-	74,001
Due from a related party	-	71,934	-	-	71,934
Pledged fixed deposits	0.3	40,006	-	-	40,006
Cash and cash equivalents	-	161,122	-	-	161,122
<b>As at 31 December 2023</b>		<b>374,879</b>	<b>-</b>	<b>-</b>	<b>374,879</b>
Trade receivables – third parties	-	34,514	-	-	34,514
Other receivables (excluding prepayment, advance to suppliers and tax receivables)	-	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
<b>As at 31 December 2022</b>		<b>276,176</b>	<b>-</b>	<b>-</b>	<b>276,176</b>
<b>Undiscounted financial liabilities</b>					
Trade payables	-	125,054	-	-	125,054
Other payables (excluding contract liabilities)	-	17,679	-	-	17,679
Due to related parties	-	9,564	-	-	9,564
Due to holding company	-	1,771	-	-	1,771
Bank borrowings, fixed interest rates	3.25 - 4.50	477,127	-	-	477,127
Lease liabilities	4.65 - 6.55	13,012	43,414	7,450	63,876
<b>As at 31 December 2023</b>		<b>644,207</b>	<b>43,414</b>	<b>7,450</b>	<b>695,071</b>
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
<b>As at 31 December 2022</b>		<b>429,711</b>	<b>21,089</b>	<b>11,259</b>	<b>462,059</b>
<b>Total undiscounted net financial liabilities</b>					
<b>- at 31 December 2023</b>		<b>(269,328)</b>	<b>(43,414)</b>	<b>(7,450)</b>	<b>(320,192)</b>
<b>- at 31 December 2022</b>		<b>(115,080)</b>	<b>(8,968)</b>	<b>-</b>	<b>(124,048)</b>

<sup>(i)</sup> Excludes derivative financial instruments.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 31. Financial instruments and financial risk (Continued)

### Liquidity risk (Continued)

	<u>Effective interest rate</u> %	<u>Less than 1 year</u> RMB'000	<u>2 to 5 years</u> RMB'000	<u>Total</u> RMB'000
<b>Company</b>				
<b><u>Undiscounted financial assets</u></b>				
Cash and cash equivalents	-	13,266	-	13,266
Due from a related party	-	68	-	68
<b>As at 31 December 2023</b>	-	<b>13,334</b>	-	<b>13,334</b>
Cash and cash equivalents	-	6,457	-	6,457
Due from a related party	-	68	-	68
<b>As at 31 December 2022</b>	-	<b>6,525</b>	-	<b>6,525</b>
<b><u>Undiscounted financial liabilities</u></b>				
Trade and other payables	-	4,340	-	4,340
Due to related parties	-	4,613	-	4,613
Due to a subsidiary	-	50,126	-	50,126
Due to holding company	-	1,771	-	1,771
<b>As at 31 December 2023</b>	-	<b>60,850</b>	-	<b>60,850</b>
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
<b>As at 31 December 2022</b>	-	<b>48,502</b>	-	<b>48,502</b>
<b><u>Total undiscounted net financial liabilities</u></b>				
<b>- At 31 December 2023</b>		<b>(47,516)</b>	-	<b>(47,516)</b>
<b>- At 31 December 2022</b>		<b>(41,977)</b>	-	<b>(41,977)</b>

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.

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 31. 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 2023.

#### 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:

	<u>USD</u> RMB'000	<u>RMB</u> RMB'000	<u>SGD</u> RMB'000	<u>EUR</u> RMB'000	<u>Total</u> RMB'000
<b>Group</b>					
<b>2023</b>					
<b>Financial assets</b>					
Trade receivables – third parties	24,248	3,568	-	-	27,816
Other receivables (excluding Prepayment and advance to suppliers)	-	74,001	-	-	74,001
Derivatives financial instruments	-	-	-	-	-
Due from a related party	-	71,934	-	-	71,934
Pledged fixed deposits	1	40,005	-	-	40,006
Cash and cash equivalents	6,063	154,380	622	57	161,122
	<u>30,312</u>	<u>343,888</u>	<u>622</u>	<u>57</u>	<u>374,879</u>
<b>Financial liabilities</b>					
Trade payables	125,054	-	-	-	125,054
Other payables (excluding contract liabilities)	1,711	13,338	2,630	-	17,679
Due to related parties	-	9,564	-	-	9,564
Due to a holding company	1,771	-	-	-	1,771
Bank borrowings	-	477,127	-	-	477,127
Lease liabilities	-	57,003	-	-	57,003
	<u>128,536</u>	<u>557,032</u>	<u>2,630</u>	<u>-</u>	<u>688,198</u>
Net financial (liabilities)/assets	(98,224)	(213,144)	(2,008)	57	(313,319)
Less: Net liabilities/(assets) denominated in respective entities functional currency	<u>4,858</u>	<u>213,144</u>	<u>-</u>	<u>-</u>	<u>218,002</u>
Currency exposure	<u>(93,366)</u>	<u>-</u>	<u>(2,008)</u>	<u>57</u>	<u>(95,317)</u>



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 31. Financial instruments and financial risk (Continued)

### Market risk (Continued)

#### Foreign currency risk (Continued)

	USD RMB'000	RMB RMB'000	SGD RMB'000	EUR RMB'000	Total RMB'000
<b>Group</b>					
<b>2022</b>					
<b>Financial assets</b>					
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
	<u>11,598</u>	<u>215,093</u>	<u>70</u>	<u>55,673</u>	<u>282,434</u>
<b>Financial liabilities</b>					
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
	<u>154,000</u>	<u>299,210</u>	<u>2,586</u>	<u>-</u>	<u>455,796</u>
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	<u>(138,340)</u>	<u>-</u>	<u>(2,516)</u>	<u>55,673</u>	<u>(85,183)</u>
		<b>USD RMB'000</b>	<b>RMB RMB'000</b>	<b>SGD RMB'000</b>	<b>Total RMB'000</b>
<b>Company</b>					
<b>2023</b>					
<b>Financial assets</b>					
Due from a related party	-	68	-	-	68
Cash and cash equivalents	5,867	6,778	621	-	13,266
	<u>5,867</u>	<u>6,846</u>	<u>621</u>	<u>-</u>	<u>13,334</u>
<b>Financial liabilities</b>					
Trade and other payables	4,341	-	-	-	4,341
Due to a subsidiary	-	50,126	-	-	50,126
Due to a related party	4,613	-	-	-	4,613
Due to holding company	1,771	-	-	-	1,771
	<u>10,725</u>	<u>50,126</u>	<u>-</u>	<u>-</u>	<u>60,851</u>
Net financial (liabilities)/assets	(4,858)	(43,280)	621	-	(47,517)
Less: Net liabilities denominated in functional currency	4,858	-	-	-	4,858
Currency exposure	<u>-</u>	<u>(43,280)</u>	<u>621</u>	<u>-</u>	<u>(42,659)</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 31. Financial instruments and financial risk (Continued)

### Market risk (Continued)

#### Foreign currency risk (Continued)

	USD RMB'000	RMB RMB'000	SGD RMB'000	Total RMB'000
<b>Company</b>				
<b>2022</b>				
<b>Financial assets</b>				
Due from a related party	-	68	-	68
Cash and cash equivalents	6,448	5	4	6,457
	<u>6,448</u>	<u>73</u>	<u>4</u>	<u>6,525</u>
<b>Financial liabilities</b>				
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
	<u>10,510</u>	<u>37,992</u>	<u>-</u>	<u>48,502</u>
Net financial (liabilities)/assets	(4,062)	(37,919)	4	(41,977)
Less: Net liabilities denominated in functional currency	4,062	-	-	4,062
Currency exposure	<u>-</u>	<u>(37,919)</u>	<u>4</u>	<u>(37,915)</u>

#### 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.

	<b>Consolidated profit or loss</b>		<b>Group</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	RMB'000	RMB'000	RMB'000	RMB'000
<b>As at 31 December</b>				
USD	9,337	13,834	-	-
SGD	201	252	-	-
EUR	<u>(6)</u>	<u>(5,567)</u>	<u>-</u>	<u>-</u>

## 32. 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 32. Fair value of assets and liabilities (Continued)

- (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.

<u>Recurring Fair Value Measurement</u>	<u>Level 1</u> RMB'000	<u>Level 2</u> RMB'000	<u>Level 3</u> RMB'000
<u>Group</u>			
<u>2022</u>			
<u>Financial assets:</u>			
Derivative financial instruments	2,298	3,962	-

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

## 33. 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

### 33. Capital management policies and objectives (Continued)

The debt-equity ratios as at 31 December 2023 and 2022 were as follows:

	<u>2023</u> RMB'000	<u>Group</u> <u>2022</u> RMB'000
Total liabilities	735,959	524,044
Equity	309,305	288,642
Debt to equity ratio	2.38	1.82

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

The Group's overall strategy remains unchanged from 2022.

### 34. 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.

For the financial year ended 31 December 2022, the principal operation of the Groups relates almost entirely to the import, processing, storage and distribution of liquefied petroleum gas in the PRC and Asia Pacific region. All the non-current assets are located in the PRC. Therefore, there is only one reportable operating segment.

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

Liquefied Petroleum gas	Import, processing, storage and distribution of liquefied petroleum gas.
Others	Provision of electricity from solar, as well as provision of system services that support integration of renewables into the grid and investment holdings.

#### a. Operating Segments

Information regarding the continuing operations' results of each reportable segment is included below.

	<u>Liquefied Petroleum Gas</u> RMB'000	<u>Others</u> RMB'000	<u>Elimination</u> RMB'000	<u>Total</u> RMB'000
<b><u>2023</u></b>				
<b><u>Turnover</u></b>				
External sales	3,361,536	1,067	-	3,362,603
<b><u>Results</u></b>				
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)	(856)	25,694
Tax expense	(6,950)	37	-	(6,913)
Non-controlling interests	-	107	-	107
Profit/(Loss) from continuing operations	22,418	(2,674)	(856)	18,888

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 34. Segment reporting (Continued)

### a. Operating Segments

	Liquefied Petroleum gas RMB'000	Others RMB'000	Elimination RMB'000	Total RMB'000
<b>2023</b>				
<b>Assets</b>				
Segment assets	1,062,472	401,397	(418,605)	1,045,264
<b>Total assets</b>	<b>1,062,472</b>	<b>401,397</b>	<b>(418,605)</b>	<b>1,045,264</b>
<b>Liabilities</b>				
Segment liabilities	709,435	155,488	(128,964)	735,959
<b>Total liabilities</b>	<b>709,435</b>	<b>155,488</b>	<b>(128,964)</b>	<b>735,959</b>
Capital expenditure	44,095	48,871	-	92,966

### b. Geographical Segments

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:

	<b>2023</b> RMB'000	<b>Group</b> <b>2023</b> RMB'000
PRC	3,287,967	4,639,525
Asia Pacific	74,636	5,176
	<b>3,362,603</b>	<b>4,644,701</b>

#### Major customers

The revenues from one customer, which is a related party, of the Group's Liquefied Petroleum Gas segment represent approximately RMB 217,944,000 (2022: RMB 496,036,000).

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

## 35. Events subsequent to reporting date

On 19 February 2024, the Group through its subsidiary Chaozhou Ouhua Energy Co., Ltd, incorporated a wholly-owned subsidiary, Chaozhou Ouhua New Energy Holdings Limited, with a paid-up share capital of RMB 10,000,000. The principal activities of Chaozhou Ouhua New Energy Holdings Limited are centred on new power generation technologies, with a focus on photovoltaic power generation.

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING APPOINTMENT

## Appendix: Details of Proposed Non-Executive Independent Director

### Date of Appointment

25 April 2024

### Date of last re-appointment (if applicable)

Not Applicable

### Name of person

Kang Shwu Huey, Agnes

### Age

41

### Country of principal residence

Singapore

### The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process).

Ms Kang Shwu Huey, Agnes was selected based on her qualifications and work experience. The Nominating Committee has recommended her appointment and the Board of Directors has approved the same after having considered his credentials.

### Whether appointment is executive, and if so, the area of responsibility

Non-Executive

### Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)

Non-Executive Director, AC Chairman, NC Member, RC Member

### Professional qualifications

Chartered Accountant, Malaysia; Bachelor of Accounting with Honours, Second Class Upper, National University of Malaysia (UKM)

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING APPOINTMENT

## Working experience and occupation(s) during the past 10 years

Econ Healthcare (Asia) Limited Group Chief: Group Chief Financial Officer and Head of Overseas Development (January 2023 to present), Group Chief Financial Officer (January 2021 to December 2022) and Finance Director (November 2020 to December 2020)

Breadtalk Group Limited: Group Financial Controller (February 2016 to November 2020), Group Senior Finance Manager (July 2014 to February 2016), (February 2012 to June 2014)

## Shareholding interest in the listed issuer and its subsidiaries

Nil

## Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries

Nil

## Conflict of interest (including any competing business)

Nil

## Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer Yes No

Yes

## Other Principal Commitments\* Including Directorships

### Past (for the last 5 years)

Econ Healthcare (Asia) Limited Group Chief: Group Chief Financial Officer (January 2021 to December 2022) and Finance Director (November 2020 to December 2020)

Breadtalk Group Limited: Group Financial Controller (February 2016 to present)

### Present

Econ Healthcare (Asia) Limited Group Chief: Group Chief Financial Officer and Head of Overseas Development (January 2023 to present)

Breadtalk Group Limited: Group Financial Controller (February 2016 to present)

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING APPOINTMENT

Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.

(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?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
(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?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
(c) Whether there is any unsatisfied judgment against him?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
(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?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
(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?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
(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?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
(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?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>



## ADDITIONAL INFORMATION ON DIRECTORS SEEKING APPOINTMENT

(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?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
(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?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
(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	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
(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	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
(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	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
(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,	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
(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?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING APPOINTMENT

## Information required pursuant to Listing Rule 704(7)(i)

Disclosure applicable to the appointment of Director only.

Any prior experience as a director of a listed company?	No
If Yes, please provide details of prior experience.	N.A.
If No, please state if you have attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Yes
Please provide details of relevant experience and the nominating committee's reasons for not requiring you to undergo training as prescribed by the Exchange (if applicable).	N.A.

# STATISTICS OF SHAREHOLDINGS

As at 24 March 2024

As at 25 March 2024

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
Treasury shares	:	6,858,200

## DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS		NO. OF SHARES	
		%		%
1-99	1	0.06	20	0.00
100-1,000	55	3.45	51,100	0.01
1,001-10,000	718	44.96	5,157,200	1.37
10,001-1,000,000	811	50.78	49,452,000	13.14
1,000,001 and above	12	0.75	321,769,480	85.48
<b>Total</b>	<b>1,597</b>	<b>100.00</b>	<b>376,429,800</b>	<b>100.00</b>

## SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Liang Guo Zhan <sup>(1)</sup>	22,974,000	5.99	220,914,000	57.64
High Tree Worldwide Ltd.	220,914,000	57.64	-	-
Phillip Securities Pte Ltd	21,441,700	5.70	-	-

### 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 thus registered in the name of CGS-CIMB Securities (Singapore) Pte. Ltd.

# STATISTICS OF SHAREHOLDINGS

As at 24 March 2024

As at 25 March 2024

## TWENTY LARGEST SHAREHOLDERS

	NAME OF SHAREHOLDER	NO. OF SHARES	%
1	CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD.	245,874,780	65.32
2	LIANG GUO ZHAN	22,974,000	6.10
3	PHILLIP SECURITIES PTE LTD	21,441,700	5.70
4	XU RIZHAO	17,080,400	4.54
5	MAYBANK SECURITIES PTE. LTD.	4,219,000	1.12
6	LI KUN	1,791,000	0.48
7	KALINAR INVESTMENTS PTE LTD	1,700,000	0.45
8	CHEN ZEFENG	1,641,000	0.44
9	GAN TIAM SIANG	1,527,500	0.41
10	UOB KAY HIAN PTE LTD	1,229,000	0.33
11	KIM SENG HOLDINGS PTE LTD	1,190,000	0.32
12	ABN AMRO CLEARING BANK N.V.	1,101,100	0.29
13	LEE LENG LOKE	868,000	0.23
14	OCBC SECURITIES PRIVATE LTD	808,000	0.21
15	CHEN SHAOWEN	806,000	0.21
16	CHUA GEOK CHENG	760,000	0.20
17	DBS NOMINEES PTE LTD	732,800	0.19
18	CHEN SHAOHAN	624,100	0.17
19	WONG KIM HWA DESMOND	600,000	0.16
20	LEE CHEA SIANG	550,000	0.15
21	TAN YIAN PHEOW	550,000	0.15
	<b>TOTAL:</b>	<b>328,068,380</b>	<b>87.17</b>

## FREE FLOAT

Based on the information provided to the Company as at 25 March 2024, approximately 22.88% 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 Lotus Room, Peninsula Tower, Level 5, Peninsula Excelsior Hotel, 5 Coleman Street, Singapore 179805 on Thursday, 25 April 2024 at 10:00 a.m., 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 2023 together with the report of the Auditors and Directors’ Statement. **(Resolution 1)**
2. To re-elect Mr. Liang Guo Zhan who is retiring pursuant to the following Bye-Law 104 of the Company and who, being eligible, has offered himself for re-election. **(Resolution 2)**  
[See Explanatory Note 1]
3. To appoint Ms Kang Shwu Huey, Agnes as a Director pursuant to Bye-Law 107(A) of the Company. **(Resolution 3)**  
[See Explanatory Note 2]
4. To approve the payment of Directors’ fees of S\$99,000 for the financial year ended 31 December 2023. **(Resolution 4)**
5. To re-appoint Messrs Mazars LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**
6. To transact any other ordinary business that may be properly transacted at an Annual General Meeting.

## AS SPECIAL BUSINESS:

7. 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:

# NOTICE OF ANNUAL GENERAL MEETING

- (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 shares in the capital of the Company (excluding treasury shares and subsidiary holdings) (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 shares in the capital of the Company (excluding treasury shares and subsidiary holdings) (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 shares shall be based on the total number of issued shares in the 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 bonus issue, 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 3]

**(Resolution 6)**

8. 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 2023 (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 “Interested Person Transaction 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 Interested Person Transaction Mandate.”

[see Explanatory Note 4]

**(Resolution 7)**

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

“That:

- (A) the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the share capital of the Company (“Shares”) not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:
  - (i) on-market Share purchases (“On-Market Share Purchase”), transacted on the SGX-ST through the SGX-ST’s trading system or, as the case may be, any other stock exchange on which the Shares may for the time being listed and quoted,

# NOTICE OF ANNUAL GENERAL MEETING

through one or more duly licensed stockbrokers appointed by the Company for the purchase or acquisition; and/or

- (ii) off-market Share acquisitions (“Off-Market Share Acquisition”) (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act, the SGX-ST Listing Manual, the Take-Over Code, the Bermuda Companies Act, and the Bye-Laws as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (“Share Buy-Back Mandate”);
- (B) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Ordinary Resolution and the expiring on the earlier of:
- (i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;
  - (ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buy-Back Mandate are carried out to the full extent mandated; or
  - (iii) the date on which the authority contained in the Share Buy-Back Mandate is varied or revoked by the Shareholders in a general meeting, whichever is the earlier;
- (C) for the purposes of this Ordinary Resolution:

“Prescribed Limit” means ten per cent. (10.0%) of the total issued Shares of the Company (excluding any Treasury Shares and subsidiary holdings) as at the date of passing of this Ordinary Resolution, unless the Company has effected a reduction of the share capital of the Company in accordance with the Bermuda Companies Act and such other laws and regulations as may for the time being be applicable, at any time during the Relevant Period (as hereinafter defined), in which event the total number of Shares of the Company shall be taken to be the total number of Shares of the Company as altered after such capital reduction (excluding any Treasury Shares and subsidiary holdings);

“Relevant Period” means the period commencing from the date on which the last annual general meeting was held and expiring on the date on which the next annual general meeting is held or is required by law to be held, or the date on which the purchases of Shares under a Share Buy-Back Mandate are carried out to the full extent mandated, whichever is earlier, unless prior to that, it is varied or revoked by resolution of the Shareholders of the Company in general meeting;

“Maximum Price” in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses of the On-Market Share Purchase or Off-Market Share Acquisition (as the case may be)) not exceeding:

- (i) in the case of an On-Market Share Purchase, 105% of the Average Closing Price (as defined below) of the Shares; and
- (ii) in the case of an Off-Market Share Acquisition, 105% of the Average Closing Price of the Shares,

where:

“Average Closing Price” means:

- (i) the average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in the Shares were recorded, immediately preceding (as the case may be):

# NOTICE OF ANNUAL GENERAL MEETING

- (A) the date of making the On-Market Share Purchase; or
  - (B) the day of the making of the offer pursuant to the Off-Market Share Acquisition; and
- (ii) shall be deemed to be adjusted for any corporate action that occurs during:
- (A) the relevant five (5) day period; and
  - (B) the day on which (as the case may be):
    - (I) the On-Market Share Purchase; or
    - (II) the offer pursuant to the Off-Market Share Acquisition, is made; and

“day of the making of the offer” means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Share Acquisition.

“Market Day” means the day on which the SGX-ST is open for trading in securities; and

- (D) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including, without limitation, executing such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they and/or he may consider desirable, expedient or necessary to give effect to the transactions contemplated by this Ordinary Resolution.”

**(Resolution 8)**

BY ORDER OF THE BOARD

Chia Foon Yeow  
Company Secretary  
Singapore  
3 April 2024



# NOTICE OF ANNUAL GENERAL MEETING

## EXPLANATORY NOTES:

- (1) Mr. Liang Guo Zhan will, upon re-election as Director of the Company, remain as Executive Chairman of the Company.
- (2) Ms. Kang Shwu Huey, Agnes will, upon appointment, be a non-executive and independent Director, and be the Chairman of the Audit Committee, and a member of the Nominating Committee and Remuneration Committee respectively. The Board considers Ms. Kang Shwu Huey, Agnes to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.
- (3) Ordinary Resolution 6 proposed in item 7 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 total number of issued shares (excluding treasury shares and subsidiary holdings) 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 total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company. The percentage of issued shares is based on the Company's total number of issued shares 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 bonus issue, 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 8 above is to renew the Interested Person Transaction 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.
- (4) Ordinary Resolution 8 proposed in item 9 above is to renew the Share Buy-Back Mandate, pursuant to which the Company is authorised to purchase or acquire by way of Market Purchases or Off-Market Purchases not more than ten per cent (10%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company at such price(s) up to the Maximum Price.

## IMPORTANT NOTES:

- (i) Each of the resolutions to be put to the vote of shareholders at the Annual General Meeting (and at any adjournment thereof) will be voted on by way of a poll.
- (ii) A proxy need not be a shareholder of the Company.
- (iii) 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.
- (iv) 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 48 hours prior to the time of the Annual General Meeting. Therefore, such Depositors (as defined 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.
- (v) 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 by:

# NOTICE OF ANNUAL GENERAL MEETING

- (A) sending it by e-mail to [sg.is.proxy@sg.tricorglobal.com](mailto:sg.is.proxy@sg.tricorglobal.com); or
- (B) 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 or by post at 9 Raffles Place, #26-01 Republic Plaza, Tower 1, Singapore 048619,

not less than 72 hours before the time appointed for the Annual General Meeting.

- (vi) 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 by:

- (A) sending it by e-mail to [sg.is.proxy@sg.tricorglobal.com](mailto:sg.is.proxy@sg.tricorglobal.com); or
- (B) 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 or by post at 9 Raffles Place, #26-01 Republic Plaza, Tower 1, Singapore 048619,

not less than 72 hours before the time appointed for the Annual General Meeting.

- (vii) 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.

**Important:**

1. This Meeting (as defined below) will be held, in a wholly physical format, at Lotus Room, Peninsula Tower, Level 5, Peninsula Excelsior Hotel, 5 Coleman Street, Singapore 179805 on 25 April 2024 at 10:00 a.m. **There will be no option for shareholders to participate virtually.**
2. Arrangements relating to attendance at the Meeting by members, including CPF/SRS investors (as defined below), submission of questions to the Chairman of the Meeting by members, including CPF/SRS investors, in advance of, or at, the Meeting, addressing of substantial and relevant questions in advance of, or at, the Meeting, and voting at the 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 3 April 2024. This announcement may be accessed via the SGX's website at <https://www.sgx.com/securities/companyannouncements> and the Company's corporate website at <http://www.ohwa.com.sg>.
3. Please read the notes overleaf which contain instructions on, inter alia, the appointment of a proxy(ies).
4. This proxy form is not valid for use by investors holding shares in the Company ("Shares") through relevant intermediaries (as defined in Section 181 of the Companies Act 1967) ("Investors") (including investors holding through Central Provident Fund ("CPF") and Supplementary Retirement Scheme ("SRS") ("CPF/SRS investors")) and shall be ineffective for all intents and purposes if used or purported to be used by them. For investors who have used their CPF/SRS monies to buy the Shares, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. This report is forwarded at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY. CPF/SRS investors who wish to appoint the Chairman of the Meeting as their proxy should contact their respective CPF Agent Banks or SRS Operators to submit their votes by 10:00 a.m. on 22 April 2024.

I/We, \_\_\_\_\_ (Name)  
\_\_\_\_\_ (NRIC/Passport No.)  
of \_\_\_\_\_ (Address)  
being a member/members of OUHUA ENERGY HOLDINGS LIMITED (the "Company") hereby appoint(s):

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

as my/our proxy(ies) to vote and/or abstain from voting for me/us on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting (the "Meeting") of the Company, to be held at Lotus Room, Peninsula Tower, Level 5, Peninsula Excelsior Hotel, 5 Coleman Street, Singapore 179805 on 25 April 2024 at 10:00 a.m., and at any adjournment thereof. I/We direct my/our proxy(ies) to vote for or against, or to abstain from voting in relation to, the Resolutions to be proposed at the Meeting as indicated hereunder. In the absence of specific directions in respect of a resolution, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the Meeting.

No.	Resolutions relating to:	For*	Against*
1	Receipt and adoption of the Audited Financial Statements for the financial year ended 31 December 2023 together with the report of the Auditors and Directors' Statement		
2	Re-election of Mr. Liang Guo Zhan as a Director of the Company		
3	Appointment of Ms Kang Shwu Huey, Agnes as a Director of the Company		
4	Approval of the payment of Directors' fees for the financial year ended 31 December 2023		
5	Re-appointment of Messrs Mazars LLP as Auditors of the Company and authorising the Directors to fix their remuneration		
6	Authorising the Directors to issue shares, or to grant offers, agreements or options that might or would require shares to be issued		
7	Renewal of the interested person transaction mandate		
8	Renewal of the share buy-back mandate		

\* Please indicate your vote "For" or "Against" with a tick (✓) within the box provided.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2024.

TOTAL NUMBER OF SHARES IN :	
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature(s) of Member(s) or  
Common Seal of Corporate Member(s) or  
Duly Authorised Attorney/Officer of Member(s)  
(Please see notes overleaf before completing this form)



**Notes:**

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his/her/its stead.
2. Where a member appoints more than one proxy, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named.
3. A proxy need not be a member of the Company.
4. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
5. Members are strongly encouraged to submit completed proxy forms via email.
6. Please insert the total number of shares held by you. A member should only insert the number of shares registered in his/her/its name in the Register of Members of the Company. The number inserted should not include the shares entered against the member's in the Depository Register (as defined in the Byelaws of the Company). If no number is inserted, the Company shall be entitled to deem that this proxy form relates to all shares registered in the member's name in the Register of Members of the Company only.
7. This duly executed 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 9 Raffles Place, #26-01 Republic Plaza, Tower 1, Singapore 048619 or sent by email to [sg.is.proxy@sg.tricorglobal.com](mailto:sg.is.proxy@sg.tricorglobal.com), not less than 72 hours before the time appointed for the Meeting.
8. This proxy form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
9. Where this proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be duly stamped and deposited with this proxy form, failing which this proxy form shall be treated as invalid.

**General**

The Company shall be entitled to reject a proxy form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

**Personal Data Privacy**

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM of the Company and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member'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 AGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (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 member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member 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 member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

**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: Ouyang Yang, Victor  
(Appointed with effect since financial  
year ended 31 December 2023)

**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, Lihua 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  
Chaozhou Road  
Chaozhou City, Guangdong Province  
The People's Republic of China



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

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