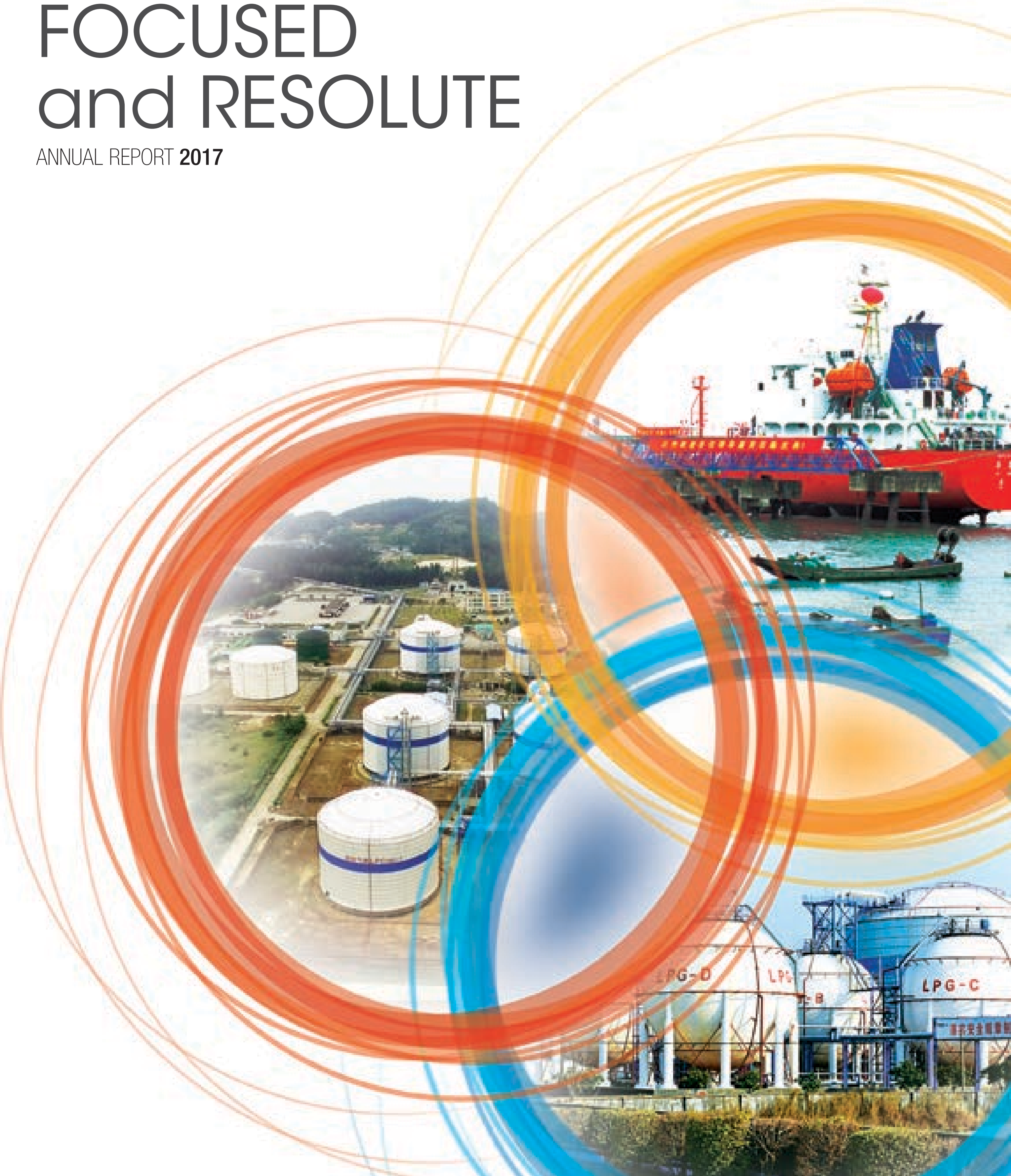
Ohwa Energy
欧华能源

OUHUA ENERGY HOLDINGS LIMITED

FOCUSED and RESOLUTE

ANNUAL REPORT **2017**



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.

CONTENTS

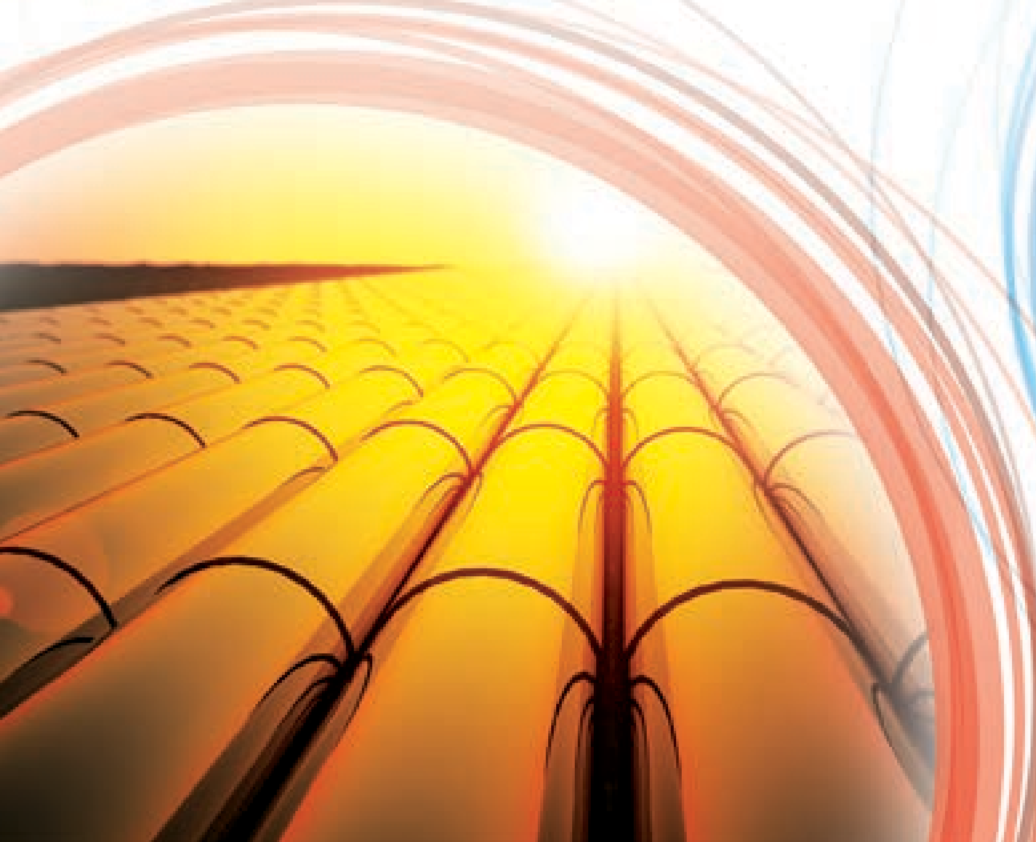
CORPORATE PROFILE

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

Ouhua Energy captures about 40% of the local market share. In 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, the Philippines and Thailand in Southeast Asia. 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

Dear Shareholders,

It is my pleasure to present to you our results for the financial year ended 31 December 2017 ("FY2017"). While the Group was beset by an array of challenges in the year under review, such as the persistence of volatile oil prices and increased competition from other substitute energy products, the Group was still able to leverage on emerging opportunities, and pulled ahead to maintain a relatively favourable set of results.

BUSINESS REVIEW

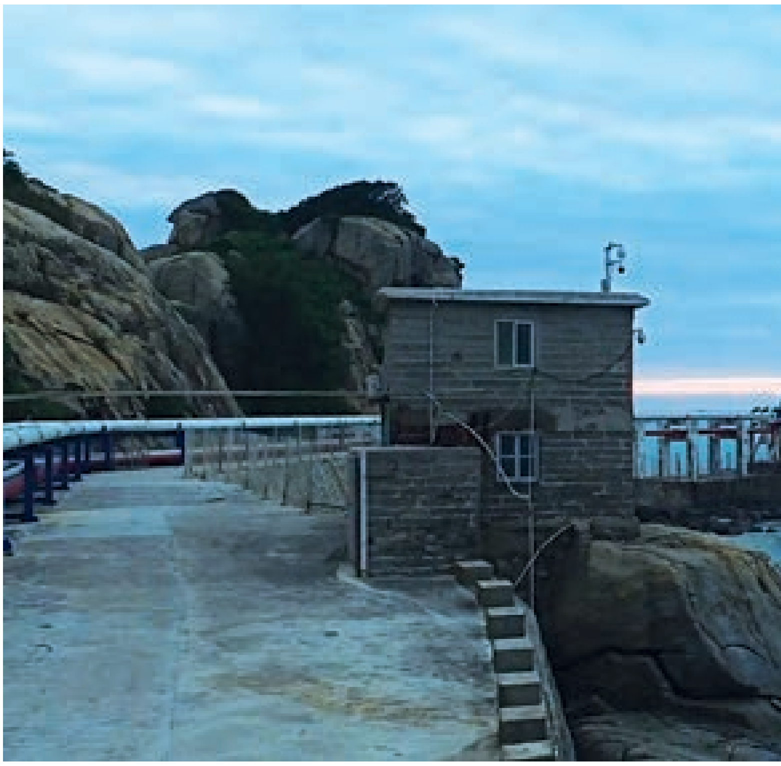
Riding on a 34.4% surge in the average sale price of LPG in 2017, Group made a marked improvement of 21.1% over our revenue of RMB2.18 billion in the financial year ended 31 December 2016 ("FY2016"), attaining a total revenue of RMB2.64 billion for FY2017. This upturn was, however, partially moderated by increased competition from alternative energy products, such as natural gas which had a more competitive average price in 2017. Consequently, our sales volume softened from 830,541 tonnes in FY2016 to 750,876 tonnes in 2017.

Following our redoubled efforts to regulate our business risks, rein in operating costs and seize growth opportunities, we upheld a positive gross profit margin of 4.30%. After factoring in costs and taxes, we garnered a net profit of RMB36.63 million in FY2017, a notch lower than our net profit of RMB40.97 million in FY2016.

BUSINESS STRATEGY

The International Monetary Fund ("IMF") recorded a continued upswing in the global economy for 2017, with global economic growth estimated at 3.7%. Closer to our main base of operations, the Chinese economy also saw robust growth, growing 6.9% in 2017 and exceeding the Chinese Government's earlier projection of 6.5%.

Amidst this heightened economic sentiment, we positioned ourselves to harness greater leverage from a stimulated bulk commodities market, as well as the growing demand for energy resulting from higher living standards. Within China, we continued to tap on nascent opportunities by bolstering



our market presence in China's rural markets. In the overseas markets, we continued to harness greater mileage from the long-term contracts with our Southeast Asian customers secured in FY2016.

OUTLOOK FY2018

Looking ahead, the economic climate for the financial year ended 31 December 2018 ("FY2018") appears buoyant. Global economic growth is expected to accelerate to 3.9% in 2018, while China's economic growth is projected to stay robust at 6.6% for 2018, albeit a reduced pace if compared to the 6.9% growth rate seen in 2017.

In the same vein, ratings company S&P Global Platts forecasted 7% growth for LPG demand in China, a growth rate 2% shy of the 9% growth achieved in the sector in 2017, but nevertheless still an opportune framework from which to mount renewed endeavours to capture greater growth.

CHAIRMAN'S MESSAGE

Following the Chinese premier's pledge at the National People's Congress to "make our skies blue again", 2018 will feature a greater level of government environmental regulation. As a provider of an environmentally-friendly energy source that burns cleanly, the development bodes well for the Group. The Chinese Government's Air Pollution Prevention and Control Action Plan, which is being stepped up, encourages the use of gas for heating instead of burning coal and is likely to spur on LPG demand. Another measure, the Environmental Protection Tax Law, went into effect in January 2018 and is likely to increase the levies that many polluting companies have to pay, based on their volume of pollution. With the greater promotion of cleaner energy sources, we expect the tightening of environmental regulations to generally be favourable to the performance of the Group in FY2018.

While we are enthusiastic with the generally encouraging prospects at the outset of FY2018, we also remain wary of the likelihood of persisting volatility in international oil prices, as well as sustained competition from substitute energy products such as liquid natural gas. In light of these projections, the Group will adopt a posture of cautious optimism, balancing our drive to enhance our income streams with prudent spending within our operations and careful business risk management.

ACKNOWLEDGEMENTS

On behalf of the board of directors of the Company, I would like to express my sincere appreciation for Ouhua's customers, suppliers and other business partners for their relentless support over the years. I am also extremely grateful to our invaluable staff for another year of hard work. Last but certainly not least, I would like to thank our shareholders for their continued faith and unwavering support in our continuing journey to grow from strength to strength.

LIANG GUO ZHAN
Executive Chairman
Ouhua Energy Holdings Limited

主席致辞

尊敬的各位股东：

我很高兴地提呈截至2017年12月31日止财政年度（“2017财年”）的业绩。尽管本集团于回顾年度内受到一系列如石油价格保持波动及替代能源产品产生更多竞争挑战所困，本集团仍能利用新兴机遇并保持领先地位，维持相当良好的业绩。

业务回顾

乘着2017年液化石油气平均价格高涨34.4%，本集团于2017财年取得总收入人民币26.4亿元，较截至2016年12月31日止财政年度（“2016财年”）所录得的总收入人民币21.8亿元显著增长21.1%，惟替代能源产品（如于2017年具有更高竞争力的平均售价的天然气）所带来的更大竞争使该等增长受到减缓。因此，我们的销售额由2016年的830,541吨减弱至2017年的750,876吨。

在我们加倍努力调控商业风险、减低营运成本及把握增长机遇后，我们维持4.30%的正毛利率。扣除成本及税项因素后，我们于2017财年获取人民币3,663万元的净利润，稍为低于2016财年的净利润人民币4,097万元。

业务战略

国际货币基金于2017年录得环球经济持续好转，估计全球经济增长为3.7%。贴近我们主要营业基地的中国经济亦出现稳健增长，于2017年增长6.9%，超出中国政府较前预测之6.5%。

在此经济气氛高涨的环境下，我们已作出部署，以利用受刺激大宗商品市场及更高生活水平产生的能源需求增长所带来的优势。我们在中国继续增强于农村市场的市场地位，以挖掘初显的商机，而在国外市场亦继续就2016财年与东南亚客户争取的长期合约方面图取更大利益价值。

展望2018财年

展望未来，截至2018年12月31日止财政年度（“2018财年”）的经济环境显得蓬勃。全球经济增长预计将加速至3.9%，而中国经济增长预期会于2018年保持6.6%稳健增长，尽管与2017年所经历的6.9%增长率相比下步伐有所放缓。

同样，评级公司标准普尔全球普氏（S&P Global Platts）预测中国液体石油气市场将会增长7%，较2017年该部门所取得的9%增长略逊2%，但无论如何仍是发动捕捉更大增长的宏图的机遇框架。

随着中国总理于全国人大上承诺“坚决打好蓝天保卫战”，2018年中国政府将会在更大程度上实施环保规管。作为清洁及环保能源的供应商，此发展有利于本集团。中国政府所加强实行的《大气污染防治行动计划》鼓励使用石油气而非煤炭产热，可能会激励液体石油气的需求。另一项措施《环境保护税法》于2018年1月生效，可能会增加制造污染公司按其污染制造量的须缴征费。在洁净能源获得更大推广下，我们预期环保条例收紧将大致有利于本集团2018财年的业绩。

在我们为2018财年初段所现普遍乐观前景感到积极的同时，我们也在慎防国际石油价格持续波动及如液体天然气等替代能源继续带来的竞争。鉴于此等预测，本集团将采取谨慎乐观的姿态，在我们推动增进收入来源与经营活动中开支审慎、谨慎管理商业风险之间保持平衡。

致谢

我在此代表董事会对我们的客户、供应商和业务伙伴多年的不懈支持表示衷心感谢，同时也感谢我们宝贵的员工在过去一年作出的努力。最后，还要感谢我们的股东在本集团逐步成长壮盛的旅程中对我们的一贯信任和不变支持。

梁国湛

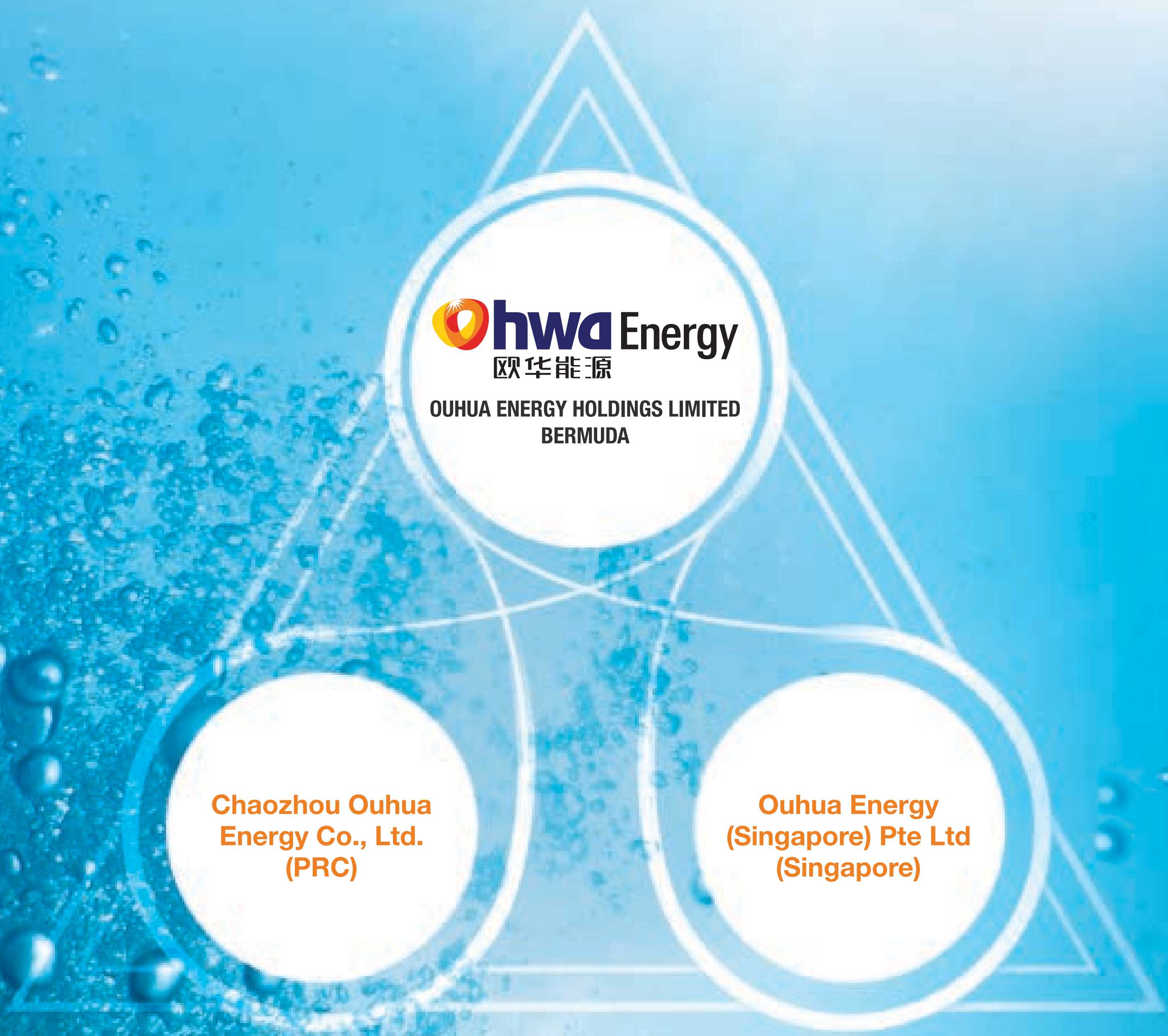
执行主席

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.

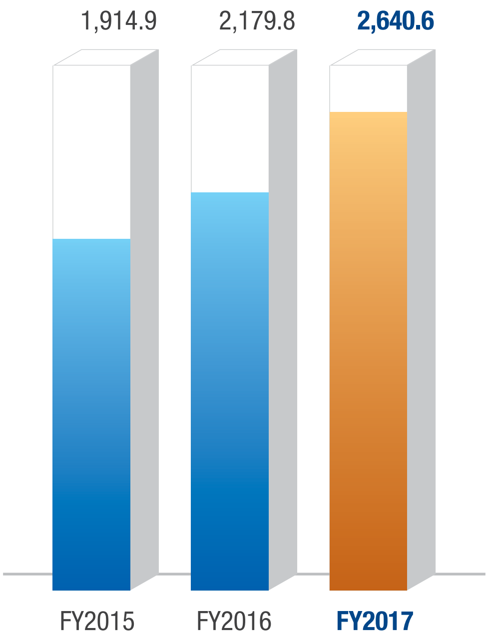
CORPORATE STRUCTURE



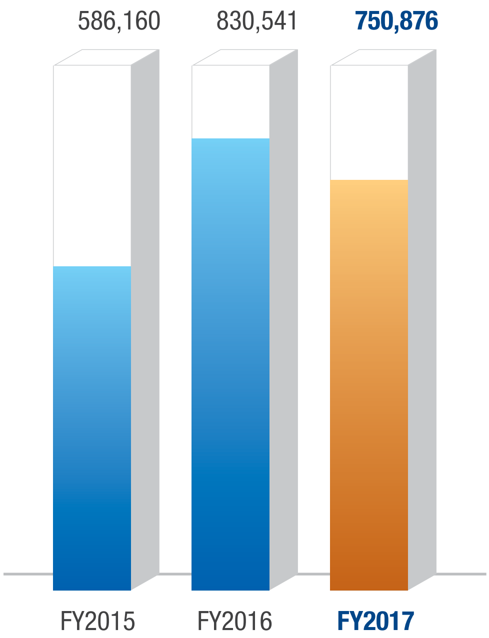
We are cautiously optimistic about both the short-term and the long-term future of our Group due to our Group's ongoing transformation and our focused efforts in capturing opportunities to improve and advance our level of technology.

FINANCIAL HIGHLIGHTS

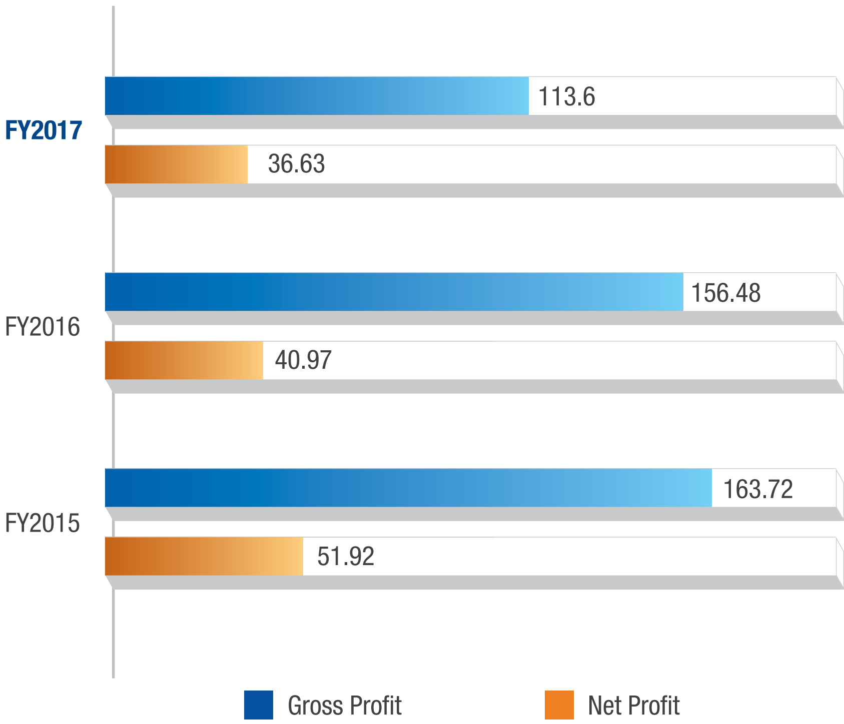
REVENUE
(RMB 'million)



SALES VOLUME
(tonnes)

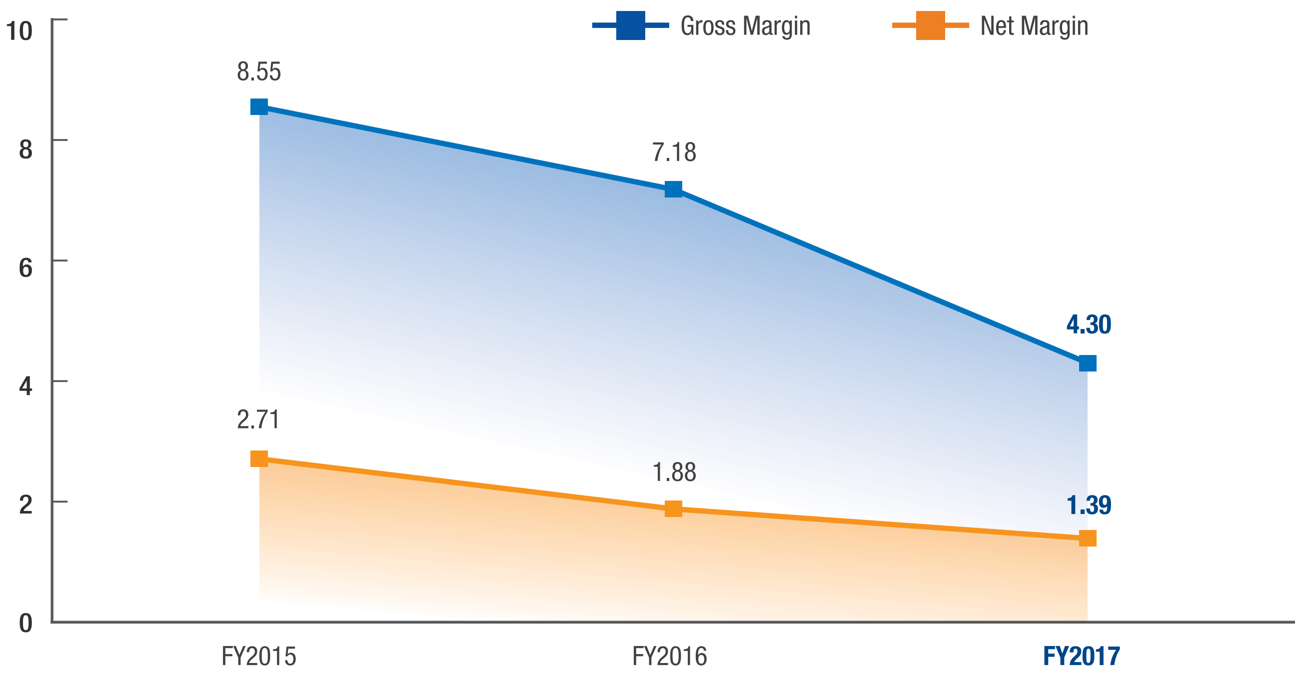


GROSS AND NET PROFITS
(RMB 'million)



FINANCIAL HIGHLIGHTS

PROFIT MARGINS
(%)



KEY FINANCIAL RATIO

	FY2015	FY2016	FY2017
Earnings/(Loss) per Share (RMB cents)	13.55	10.69	**9.56**
Gross Margin (%)	8.55	7.18	**4.30**
Net Margin (%)	2.71	1.88	**1.39**
Gearing Ratio (times)	4.5	2.48	**0.76**
NAV (RMB cents)	22.38	32.97	**42.64**

FINANCIAL CALENDAR

	FY2015	FY2016	FY2017
Designed Capacity (tonnes)	900,000	900,000	**900,000**
Weighted Average Design Capacity (tonnes)	900,000	900,000	**900,000**
Actual Output (tonnes)	586,160	830,541	**750,876**
Actual Output (percentage)	65.1	92.3	**83.4**

OPERATIONS REVIEW

OPERATING REVENUE

FY2017 saw the Group overcome persistent challenges arising from macroeconomic factors to deliver yet another year of profitability.

Our total revenue for FY2017 rose by 21.1% to RMB2.64 billion on the back of stronger prices for our LPG products. The volume of LPG sold for the year declined from 830,541 tonnes to 750,876 tonnes due to increased competition from alternative energy products. In addition, average LPG prices in 2017 were not as competitive as compared to that of natural gas, resulting in a drop in total volume sold. While we had successfully developed new long-term contracts with foreign customers in Southeast Asia, our results were offset by an increase in LPG average selling prices to RMB3,527 per tonne.

COSTS AND EARNINGS ANALYSIS

For the financial year under review, the Group continued to carefully balance costs management with its pursuit to deliver value. Gross profit for FY2017 was RMB113.65 million, RMB42.83 million lower than the RMB156.48 million reported in FY2016. In line with the lower gross profit, our gross profit margin fell from 7.18% to 4.30% due to higher purchase costs in 2017, as well as higher competition in the international market as compared to the previous financial year.

Other operating income increased by RMB 9.6 million or 123.8% in FY2017 as compared to FY2016 mainly due to the foreign exchange gain of RMB 11.46 million resulting from the strengthening of the RMB against the USD. This was partly offset by the decrease of ship rental income of RMB1.15 million.

Operating expenses decreased mainly due to:

i. Selling and distribution expenses having decreased by approximately RMB2.52 million or 4.81%, mainly due to the decrease in land freight of RMB1.65 million, the decrease in tugboat charges of RMB2.33 million and the decrease in LPG vehicle charges of RMB0.68 million, which were partially offset by the increase in marine freight of RMB2.87 million.

ii. Administrative expenses having decreased by RMB1.21 million or 5.25% mainly due to the decrease in maintenance fees of RMB0.58 million, the decrease in stamp duties and taxes of RMB1.54 million and port construction expenses of RMB0.71 million. This was partially offset by the increase in audit fees of RMB0.12 million, the increase in directors' salaries of RMB0.1 million and increase in other expenses of RMB0.34 million such as travelling and utilities.

iii. Other operating expenses having decreased by RMB21.52 million or 71.32% due mainly to the decrease in foreign exchange loss of RMB21.3 million, due to the strengthening of the RMB and the decrease in bank charges of RMB0.30 million. This was partially offset by the increase in donations of RMB0.30 million.

For the financial year under review, the Group's finance cost was 20.56% or RMB3.64 million lower due to a decrease in interest expense for bank loans.

Taking into account the aforementioned, the Group was able to maintain its profitability and recorded a net profit attributable to equity holders of RMB36.63 million for FY2017.

OPERATIONS REVIEW

FINANCIAL POSITION AND LIQUIDITY

The Group continues to uphold a firm financial position through the prudent management of resources. Our non-current assets fell by approximately RMB11.96 million or 7.35% in value due to a fixed assets depreciation of RMB14.98 million. This was then partially offset by the purchase of new assets worth RMB3.04 million.

In FY2017, our current assets decreased by approximately 7.13% or RMB31.60 million from RMB443.13 million previously. This was due to an decrease in inventories of RMB16.89 million, a decrease in trade and other receivables and due from related parties of RMB38.59 million and decrease in held to maturity investment of RMB14.11 million. This was partially offset by an increase of cash and cash equivalents of RMB36.71 million.

Current liabilities decreased by approximately RMB138.61 million or 28.90% in FY2017, from RMB479.56 million to RMB340.94 million mainly due to the decrease in short-term borrowings of RMB247.05 million. This was partially offset by the increase in the trade and other payables of RMB107.97 million and the increase in due to a related party of RMB0.57 million.

For FY2017, the net cash generated from operating activities amounted to approximately RMB216.45 million. It was mainly attributed to a profit before income tax of RMB36.63 million, net cash inflow of working capital amounted to RMB163.75 million and less net interest paid of RMB13.92 million.

The net cash inflows from working capital arose from an increase in inventories of RMB16.89 million, an increase in trade and other receivables of RMB3.21 million due from related parties of RMB35.38 million and an increase in trade and other payables of RMB107.97 million.

Net cash flows generated from investing activities amounted to RMB9.07 million mainly due to the net sale of held-to-maturity investments of RMB12.11 million and partially offset by the purchase of property, plant and equipment of RMB3.04 million. The Group's net cash outflows from financing activities amounted to RMB188.96 million for the year under review. This was mainly due to the decrease in pledged fixed deposits of RMB0.74 million and the repayment of bank borrowings of RMB1,136.1 million. This was partially offset by the proceeds from bank borrowings of RMB947 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

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.

YE TIAN SHUN

Executive Director

Ye Tian Shun is the Executive Director of our Group and was appointed to the Board on 15 August 2008. He is responsible for overseeing the human resource,safety management and other general administrative functions of our Group. Prior to joining our Group, he was the Director of Huafeng Refining from 2003 to 2006. In Huafeng Refining, he was responsible for the sales and marketing functions. Prior to joining Huafeng Refining, he was the Assistant to the President of Huafeng Group, responsible for the sales and marketing functions from 1999 to 2003.

Prior to 1999, he was working as a Station Manager for Chaozhou Fengxin Chengda Petroleum Gas Storage Station from 1998 to 1999, as a Production Supervisor for Chaozhou Huafeng Petroleum and Warehouse Co., Ltd. from 1996 to 1998, as a Management Personnel for Chaozhou Huaren Shipping Services Co., Ltd. from 1995 to 1996, and as a Engineer for a Hong Kong based company, Yifeng Shipping Services Enterprise Company from 1991 to 1994.

He obtained a degree in Marine Engineering from the Dalian Marine Transportation Institute in December 1990 and a Master of Business Administration from the University of Northern Virginia, USA in June 2005.

BOARD OF DIRECTORS

GERALD YEO

Lead Independent Director

Gerald Yeo was appointed on 26 April 2012 as Lead Independent Director of our Company. Mr Yeo is Executive Director of W Atelier Logistics Pte Ltd, a warehouse owner and logistics operator in Singapore. He is also Independent Director of Yang Kee Logistics Pte Ltd and Yang Kee Holdings Pte Ltd in Singapore and Canadia Bank PLC in Cambodia. 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.

THAM HOCK CHEE

Independent Director

Tham Hock Chee was appointed as an Independent Director of our Company on 1 July 2010. From 1999 to 2001, Mr Tham worked in the Singapore Confederation of Industries as its Secretary General and was responsible for its entire operation and financial matters, including budget and financial control and cash flow management. He was later appointed a Senior Management Consultant in Droege & Comp Singapore Pte Ltd, a German management consulting company from 2002 until 2003. Between 2003 and July 2004, Mr Tham worked as a freelance Management Consultant. He then joined Sitoca Pte Ltd in July 2004 as a Director of business development. Mr Tham left Sitoca Pte Ltd in March 2005 and is now a freelance Management Consultant.

XIONG WEI

Independent Director

Xiong Wei was appointed as an Independent Director of our Company on 13 September 2006. He is currently the Secretary General, and had previously held the position of Deputy Chairman, of the Guangdong Fuel Gas Association, which is involved in the overall management of the infrastructure development, management and supply of fuel gas in the Guangdong Province. Prior to that, from 1996 to 2001, he was the Deputy Chief of the Foshan City Fuel Gas Management Office, involved in the management of the supply of fuel gas. From 1992 to 1996, he had held the positions of the Head of the Technical Department and Head of the Business Development Department with Foshan City Fuel Gas Management Company, where he was primarily involved in the construction of fuel gas pipelines in the region. From 1988 to 1991, he was a member of the Construction Committee in the Foshan City, where he was involved in the supply of fuel gas. Xiong Wei obtained a degree in Urban Fuel Gas Engineering from the Tong Ji University in 1988 and was certified a Civil Engineer by the Foshan City authorities in 1995. He is currently a committee member of the China City Fuel Gas Association and a member of each of China City Coal Gas Institute LPG Professional Committee and Guangdong Fuel Gas Association.

SENIOR MANAGEMENT

LI XUEYING

Chief Financial Officer

Li Xueying was appointed as the Chief Financial Officer of our Group on 13 March 2018 and is responsible for the financial and accounting aspects of our Group business. Prior to joining our Group, she worked as Group Finance Director of Legend Investment Group from May 2013 to 11 March 2018. From May 2011 to April 2013 she was Chief Finance Officer of Vitasoy China. Prior to that, she was Finance Controller –Greater China of International Flavor and Fragrance from June 2009 to April 2011. From October 1996 to December 2008 She was Finance Controller of Cadbury Confectionary China Co. Ltd. Li Xueying is a member of association of Chartered Certified Accountants and a member of China Certified Accountants. She holds a Master of Business & Administration of Carlson School of Minnesota U.S.A.

FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

Year ended 31 December 2017

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 2012 (the "Code") issued by the Corporate Governance Committee. The Company is pleased to confirm that for the financial year ended 31 December 2017 ("FY2017"), it has generally adhered to the principles and guidelines as set out in the Code, except for certain deviations which are explained below.

1. BOARD MATTERS

Board's Conduct of Affairs

Principle 1: Every company should be headed by an effective board to lead and control the company. The board is collectively responsible for the long-term success of the company. The board works with the management to achieve this objective and the management remains accountable to the board.

(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.

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

(ii) The Directors have set out internal guidelines on matters and the type of material transactions that require Board approval. The Board meets at least four (4) 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.

CORPORATE GOVERNANCE REPORT

Year ended 31 December 2017

The attendance of each Director at every Board and Board Committee meeting held during FY2017 is set out below:-

	Board		**AC**		**NC**		**RC**	
	Number	Attended	Number	Attended	Number	Attended	Number	Attended
Mr Liang Guo Zhan	4	4	–	–	–	–	–	–
Mr Ye Tian Shun	4	4	–	–	–	–	–	–
Mr Tham Hock Chee	4	4	4	4	1	1	1	1
Mr Xiong Wei	4	4	4	4	1	1	1	1
Mr Gerald Yeo @ Yeo Ah Khe	4	4	4	4	1	1	1	1

(iii) 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 and/or regulations which are relevant to the Group.

(iv) Upon the appointment of a new Director, the relevant Director will be provided with a letter which sets out the duties and obligations.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the board, which is able to exercise objective judgment on corporate affairs independently, in particular, from management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the board's decision making.

(i) The Board comprises the following Directors, three (3) of whom are non-executive and independent of the Management:

Mr Liang Guo Zhan	Executive Chairman
Mr Ye Tian Shun	Executive Director
Mr Gerald Yeo @ Yeo Ah Khe	Non-Executive and Lead Independent Director
Mr Tham Hock Chee	Non-Executive and Independent Director
Mr Xiong Wei	Non-Executive and Independent Director

(ii) The Company endeavours to maintain a strong and independent element on the Board. As there are three (3) Independent Directors on the Board, the prevailing applicable requirement of the Code that at least half of the Board, since the Chairman and the chief executive officer ("CEO") of the Company are both assumed by Mr Liang Guo Zhan, be comprised of Independent Directors is satisfied. The Board considers an Independent Director as one who has no relationship with the Company, its related corporations, its officers or its shareholders with shareholdings of 10% or more in the voting shares of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company. All the Board Committee meetings are chaired by the Independent Directors.

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

CORPORATE GOVERNANCE REPORT

Year ended 31 December 2017

(iv) Mr Xiong Wei, our Independent Director who has served on the Board beyond nine (9) years from the date of his first appointment as at the end of FY2017. The Board, with the concurrence of the NC, has rigorously reviewed his independence and considered the need for progressive refreshing of the Board, his working experience and contributions. The Board is satisfied that he is independent in character and judgement, and found no reason to understand that the length of his service has in any way dimmed his independence. Given his wealth of business, working experience and professionalism in carrying out his duties, the NC had found Mr Xiong suitable to continue to act as an Independent Director. The Board has accepted the NC's recommendation that Mr Xiong was considered independent.

(v) The Board has examined its size and is of the view that the current 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. The NC is of the view that no individual or small group of individuals dominate the Board's decision-making process.

(vi) The NC recommends all appointments and retirements of directors. The NC is of the view that the current Board consists of the appropriate mix of expertise and experience to meet the Group's targets. Qualifications and experiences of the Board members are set out in this Annual Report under the heading "Board of Directors". Particulars of interests of Directors who held office at the end of FY2017 in shares in the Company and in related corporations (other than wholly-owned subsidiaries) are set out in the Directors' Report.

(vii) The Independent Directors will constructively challenge and assist in the development of proposals on strategy, and assist the Board 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.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

(i) 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. 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) Mr Gerald Yeo @ Yeo Ah Khe has been appointed as the Lead independent Director by the Company. 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.

CORPORATE GOVERNANCE REPORT

Year ended 31 December 2017

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the board.

(i) The NC comprises three (3) non-executive and independent Directors. The NC is chaired by Mr Tham Hock Chee. The other members are Mr Xiong Wei and Mr Gerald Yeo @ Yeo Ah Khe. The chairman of the NC is not associated in any way with the substantial shareholders of the Company. The NC meets at least once each year and at other times as required.

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

(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) determining annually whether a Director is independent;

(d) deciding whether a Director is able to and has adequately carried out his duties, in particular, where the Director concerned has multiple board representations;

(e) assessing the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board;

(f) the review of board succession plans for Directors;

(g) the review of training and professional development programmes for the Board; and

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

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

(iv) The NC 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 expertise and experience of each candidate.

(v) 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, Mr Tham Hock Chee and Mr Xiong Wei are independent.

(vi) 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 adequately carried out his duties as a Director notwithstanding such commitments. The NC is satisfied that sufficient time and attention to the affairs of the Company has been given by those Directors who have multiple board representations.

(vii) 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.

CORPORATE GOVERNANCE REPORT

Year ended 31 December 2017

(viii) The dates of initial appointment and last re-election of each Director, together with their directorships in other listed companies 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
Liang Guo Zhan	11 January 2006	29 April 2016	–	–
Ye Tian Shun	15 August 2008	15 June 2017	–	–
Tham Hock Chee	1 July 2010	29 April 2016	China Sports International Limited; Abundance International	Sunpower Group Ltd; Sun East Group Limited
Xiong Wei	13 September 2006	30 April 2015	–	–
Gerald Yeo @ Yeo Ah Khe	26 April 2012	15 June 2017	–	–

Mr Tham Hock Chee and Mr Xiong Wei will retire at the Company's forthcoming AGM and will be eligible for and attend to re-election.

(ix) 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".

Board Performance

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and its board committees and the contribution of each director to the effectiveness of the Board.

(i) The NC has implemented a process for the assessment of the effectiveness of the Board 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 performance criteria that may be used include 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 performance to-date and is of the view that the performance of the Board as a whole was satisfactory. Although some of the Board members have multiple board representations, the NC is satisfied that sufficient time and attention has been given by the Directors to the Group.

Access to Information

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

(i) Each member of the Board has complete access to such information regarding the Group as may be required for the discharge of his duties and responsibilities. The Board is provided with management reports, and papers containing relevant background or explanatory information required to support the decision-making process. Requests for the Company's information by the Board are dealt with promptly.

(ii) Board papers are circulated to the Directors before the scheduled meetings so as to facilitate a better understanding of the issues and to allow for more effective discussion of questions that the Directors may have.

(iii) The Directors have separate and independent access to the Group's senior management and the Company Secretary. The Company Secretary or his colleague attends and prepares minutes of meetings of the Board and the Board Committees, which are circulated. The Company Secretary also assists the Board to ensure that Board procedures are followed and that applicable Singapore rules and regulations (in particular the SGX-ST Listing Manual) are complied with. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

(iv) In carrying out their duties, the Directors, whether individually or as a group, have access to independent professional advice, if necessary. Any cost of obtaining such professional advice will be borne by the Company.

2. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

(i) The RC comprises three (3) Non-Executive and Independent Directors. The RC is chaired by Mr Gerald Yeo @ Yeo Ah Khe. The other members are Mr Tham Hock Chee and Mr Xiong Wei. The RC meets at least once each year and at other times as required.

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;

CORPORATE GOVERNANCE REPORT

Year ended 31 December 2017

(c) 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;

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

(e) 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;

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

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

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

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

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

(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.

(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 members 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 Mr Ye Tian Shun is 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.

Disclosure on Remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management, and performance.

(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 maximize shareholders' value. The recommendations of the RC on the remuneration of Directors and key management will be submitted for endorsement by the Board. The members of the RC do not participate in any decisions concerning their own remuneration.

(ii) A breakdown showing the level and mix of the remuneration of each individual Director and key executives in FY2017 is as follows:

Remuneration Band	Base/fixed salary	Variable or performance related income/bonuses	Director's fees	Other benefits
Below S$250,000				
Directors				
Mr Liang Guo Zhan	65%	35%	–	–
Mr Ye Tian Shun	65%	35%	–	–
Mr Xiong Wei	–	–	100%	–
Mr Tham Hock Chee	–	–	100%	
Mr Gerald Yeo @ Yeo Ah Khe	–	–	100%	–
Key Management Personnel				
Mr Yang Heping	65%	35%	–	–
Mr Yang Nan*	65%	35%	–	–
Ms Zheng Lijun *	65%	35%	–	–
Mr Cheng Weipeng	65%	35%	–	–
Ms Lin Jinjin	65%	35%	–	–

*Mr Yang Nan had, with the Board approval and confirmation, resigned as CFO for personal reasons and to pursue his own personal interests on 7 November 2017. Ms Zheng Lijun had then been appointed, by Board approval, CFO on 7 November 2017.

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

(iii) The Company has not disclosed 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.

(iv) In considering the disclosure of remuneration of the five (5) key management personnel of the Company, the Company considered the overall quantum received by each individual executive as well as the confidential nature of the key management personnel's remuneration and believes that a full disclosure as recommended by the Code would be prejudicial to the company's interest. The annual aggregate remuneration paid to these five (5) key management personnel of the Company (who are not Directors or the CEO) for FY2017 is RMB 594,431.82

(v) The Group does not have any employees who are immediate family members of a Director and whose remuneration exceeded S$50,000 during FY2017.

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

CORPORATE GOVERNANCE REPORT

Year ended 31 December 2017

3. ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The board should present a balanced and understandable assessment of the company's performance, position and prospects.

(i) The Board provides the shareholders with a detailed and balanced explanation and analysis of the Company's performance, position and prospects on a quarterly basis.

(ii) The management provides all members of the Board with appropriately detailed management accounts which present a balanced and understandable assessment of the Group's performance, position and prospects on a monthly basis.

Risk Management and Internal Controls

Principle 11: The board is responsible for the governance of risk. The board should ensure that management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the board is willing to take in achieving its strategic objectives.

(i) The Board and the AC acknowledge that the Group's system of internal and operational controls has a key role in the identification and management of risks that are significant to the achievement of its business objectives.

(ii) The AC and Board review the effectiveness of the Group's internal controls, including operational controls regularly at least annually. The Board is responsible for the overall internal control framework. The Board acknowledges that no cost effective internal control system will preclude all errors and irregularities. A system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

(iii) 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 Board opines, with the concurrence of the AC, that there are adequate controls in place within the Group addressing material financial, operational and compliance risks to meet the needs of the Group in their current business environment.

(iv) The system of internal control and risk management established by our 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 poor judgement in decision making, human error, losses, fraud or other irregularities.

(v) The CEO and the CFO have provided assurance 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 effective.

(vi) To further enhance the internal controls of the Company, the Board has also resolved to engage 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.

Audit Committee

Principle 12: The Board should establish an audit committee with written terms of reference which clearly set out its authority and duties.

(i) The AC of the Company comprises three (3) non-executive and independent Directors. The AC is chaired by Mr Gerald Yeo @ Yeo Ah Khe. The other members are Mr Tham Hock Chee and Mr Xiong Wei. The AC meets at least four (4) times a year, or more if the circumstances call for it.

The AC performs, inter alia, the following key functions:

(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 and reporting to the Board at least annually the adequacy and effectiveness of the company's internal controls, including financial, operational, compliance and information technology controls;

(c) reviewing the effectiveness of the company's internal audit function;

(d) reviewing the Group's financial results and the announcements before submission to the Board for approval;

(e) reviewing significant findings of internal investigations;

(f) recommending to the Board the annual appointment/re-appointment of the external auditors;

(g) reviewing interested person transactions; and

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

(ii) The profile of the AC members is set out under the heading of "Board of Directors" of the Annual Report. The Board considers that the members of the AC are qualified to discharge the responsibilities of the AC.

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

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

(v) The AC will meet with the external auditors, and with the internal auditors, without the presence of the management, at least annually. 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.

(vi) The aggregate amount of audit fees paid to the external auditors in FY2017 was S$152,500 and there were no non-audit fees paid to the external auditors in FY2017. The Company confirms that it has complied with Rule 712 and Rule 715 of the SGX-ST Listing Manual in relation to its auditing firms.

(vii) The Company has put in place a whistle-blowing policy, which provides for the mechanisms by which employees and other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, with the objective of ensuring that arrangements are in place for the independent investigation of such matters for appropriate follow-up action. The AC exercises the overseeing function over the administration of the whistle-blowing policy. Details of the whistle-blowing policies and arrangements have been made available to all employees of the Company.

CORPORATE GOVERNANCE REPORT

Year ended 31 December 2017

(viii) 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.

(ix) 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 ("KAM") 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

The AC has been concerned over the continuing volatility of oil prices and its impact on the Company's financial performance during FY2017. The AC has been engaging the management over the oil market developments both domestically and internationally over meetings and company visits to better understand the impact on the Company's financial performance. The Committee has reviewed and is satisfied with the external auditor's procedures, analyses, tests and inspection results during their external audit in relation to revenue recognition.

ii. Existence of Cash and Bank Balances

The AC has taken note of the substantial increase in cash and bank balances at the end of FY2017 compared to the end of FY2016 and has sought to understand from management on the Company's need for such large balances. The AC has reviewed and is satisfied with the appropriate and adequate actions taken by the external auditors in verifying the larger cash and bank balances as at the end of the financial year, including both written confirmation from the Company's banks and onsite confirmation from the bank staff.

Internal Audit

Principle 13: The company should establish an effective internal audit function that is independently resourced and independent of the activities it audits.

(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 outsourced the internal audit function to an external professional firm 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. The AC is satisfied that the internal auditors are staffed by qualified and experienced personnel.

(iii) The internal auditors report directly to the Chairman of the AC.

(iv) 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 annually.

4. SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

(i) 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.

(ii) 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.

Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

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

(ii) 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.

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

(iv) 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;

(b) public announcements via SGXNet system, the press and analysts;

(c) notices of AGMs; and

(d) the Company's website at http://www.ohwa.com.sg and http://www.listedcompany.com at which shareholders can access information on the Group.

CORPORATE GOVERNANCE REPORT

Year ended 31 December 2017

Conduct of Shareholder Meetings

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

(i) 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.

(ii) 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.

(iii) 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 posed by the shareholders.

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

(v) 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.

5. DEALINGS IN SECURITIES

The Company has adopted the best practices on dealings in securities set out in Rule 1207(19) of the SGX-ST Listing Manual and made known the best practices to Directors and officers. In line with the best practices, Directors and officers are not allowed to deal in the Company's shares during the 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.

Directors and officers are required to observe the laws on insider trading and are discouraged from dealing in the Company's shares on short-term considerations.

6. INTERESTED PERSON TRANSACTIONS

The Group has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC 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.

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

The aggregate value of interested person transactions entered into during FY2017 is as follows:

Name of interested person	**Aggregate value of all interested person transactions for the financial period ended 31 December 2017 (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)**	**Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)**	**Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (including transactions less than $100,000)**
	RMB'000	**RMB'000**	**RMB'000**
Chaozhou Huafeng (Group) Incorporation Ltd			
● Lease of LPG transportation vehicles	–	4,936	4,936
● Lease of LPG transportation vessel	–	674	674
Chaozhou Zhongkai Huafeng Energy Retail Chain Co., Ltd.			
● Sale of LPG	–	236,308	236,308
Chaozhou Huafeng Refining Co., Ltd			
● Lease of port terminals, land use rights, office premises and staff dormitory	–	5,108	5,108
Chaozhou Kaihao Huafeng Gas Station Co., Ltd			
● Purchase of petrol for car usage	60	–	60

CORPORATE GOVERNANCE REPORT

Year ended 31 December 2017

7. MATERIAL CONTRACTS

There are no material contracts of the Company or its subsidiary, involving the interest of any Director or controlling shareholder subsisting at the end of FY2017 or if not then subsisting, entered into since the end of the previous financial year.

8. 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.

Disclosure on Compliance with the Code of Corporate Governance 2012

Guideline	Questions	How the Company complied?
General	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	(a) The Company did not disclose the exact details of the remuneration of each individual Director pursuant to Guideline 9.2 as it was not in the best interests of the Company and employees to do so, due to the sensitive nature of such information. Please refer to Principle 9 (ii) and 9 (iii) of the Corporate Governance Report. (b) Save for the abovementioned deviation, the Company has complied with the rest of the principles and guidelines of the Code.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	(a) Not applicable.
Board Responsibility		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	(c) Please refer to Principle 1 of the Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

Year ended 31 December 2017

Guideline	Questions	How the Company complied?
Members of the Board		
Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	(a) The Board believes in having an appropriate balance and diversity of skills, experience, gender and knowledge.
	(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	(b) The current composition of the Board comprises directors who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge to the Group. The Directors also provide core competencies such as accounting or finance, business or management or legal experience, industry knowledge, strategic planning experience and customer-based experience or knowledge required for the Board to be effective.
	(c) What steps has the Board taken to achieve the balance and diversity necessary to maximize its effectiveness?	(c) The NC has put in place a formal and transparent process for all appointments to the Board. It has adopted written terms of reference defining its membership, administration and duties. As part of the process for the selection, appointment and re-appointment of Directors, the NC takes into consideration the following issues: composition, diversity and progressive renewal of the Board and each Director's competencies, commitment, contribution and performance.
Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	No new Directors were appointed in FY2017.
Guideline 1.6	(a) Are new directors given formal training? If not, please explain why.	(a) No new Directors were appointed in FY2017.
	(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	(b) Please refer to paragraph 1(iii) of Principle 1 of the Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

Year ended 31 December 2017

Guideline	Questions	How the Company complied?
Guideline 4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	(a) 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 their individual circumstances, contributions, responsibilities and other principal commitments.
	(b) If a maximum number has not been determined, what are the reasons?	(b) Not applicable.
	(c) What are the specific considerations in deciding on the capacity of directors?	(c) For the re-appointment of Directors, their competencies as well as their commitment, contribution and performance (including attendance at meetings) during the financial year will be considered.
Board Evaluation		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	(a) Please refer to Principle 5 of the Corporate Governance Report.
	(b) Has the Board met its performance objectives?	(b) Yes. The Nominating Committee has assessed the current Board's performance to-date and is of the view that the performance of the Board as a whole was satisfactory.
Independence of Directors		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes. As there are three (3) Independent Directors on the Board, the prevailing applicable requirement of the Code that at least half of the Board be comprised of Independent Directors is satisfied (the Chairman and chief executive officer ("CEO") of the Company are assumed by the same person).

CORPORATE GOVERNANCE REPORT

Year ended 31 December 2017

Guideline	Questions	How the Company complied?
Guideline 2.3	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship. (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	(a) No. (b) Not applicable.
Guideline 2.4	Has any independent director served on the Board for more than nine (9) years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	Yes, Mr Xiong Wei has served on the Board since 13 September 2006 of his initial appointment and NC has carried a rigorous review on his independence.
Disclaosure on Remuneration		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/ bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	The Company has not disclosed exact details of the remuneration of each individual Director 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.
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/ bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so? (b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	(a) Yes. (b) The annual aggregate remuneration paid to the top five (5) Key Executives of the Company (who are not Directors or the Chief Executive Officer) for FY2017 is RMB 594,431.82 Please refer to Principle 9(ii) of the Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

Year ended 31 December 2017

Guideline	Questions	How the Company complied?
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	No.
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria. (b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes? (c) Were all of these performance conditions met? If not, what were the reasons?	(a) Please refer to Principle 9 of the Corporate Governance Report. (b) Please refer to Principle 9 of the Corporate Governance Report. (c) Yes.
Risk Management and Internal Controls		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	Please refer to Principle 6 of the Corporate Governance Report.
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Yes. Please refer to Principle 13 of the Corporate Governance Report.
Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems. (b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	(a) Please refer to Principle 11 of the Corporate Governance Report. (b) Yes.

CORPORATE GOVERNANCE REPORT

Year ended 31 December 2017

Guideline	Questions	How the Company complied?
Guideline 12.6	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year. (b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	(a) The aggregate amount of audit fees amounted to approximately S$152,500. Please refer to Principle 12(vi) of the Corporate Governance Report. (b) Not applicable. The external auditors have not provided any non-audit services to the Company.
Communication with Shareholders		
Guideline 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors? (b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role? (c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	(a) Please refer to Principles 15 and 16 of the Corporate Governance Report. (b) The Group's CEO and the Independent Directors are entrusted with the responsibility of facilitating communications with shareholders and analysts and attending to their queries or concerns. (c) Please refer to Principles 15 and 16 of the Corporate Governance Report.
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	The Company did not pay any dividends in FY2017. The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Group'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.

DIRECTORS' STATEMENT

Year ended 31 December 2017

The directors present their statement to the members together with the audited financial statements of the Ouhua Energy Holdings Limited and its subsidiaries (the "Group") for the financial year ended 31 December 2017 and the statement of financial position of the Company as at 31 December 2017.

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 2017 and the financial performance, changes in equity and cash flows of the Group for the financial year 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 directors
Liang Guo Zhan (Executive Chairman)
Ye Tian Shun

Independent non-executive directors
Xiong Wei
Gerald Yeo @ Yeo Ah Khe
Tham Hock Chee

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 object is 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.

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:

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

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 2018 in the shares or debentures of the Company have not changed from those disclosed as at 31 December 2017.

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 (Chairman)
Tham Hock Chee
Xiong Wei

The Audit Committee has convened four 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 quarterly, 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 Company at the forthcoming Annual General Meeting of the Company.

DIRECTORS' STATEMENT

Year ended 31 December 2017

7. Auditors

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

On behalf of the directors

LIANG GUO ZHAN
Director

YE TIAN SHUN
Director

23 March 2018

INDEPENDENT AUDITORS' REPORT

To the member of Ouhua Energy Holdings Limited

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Ouhua Energy Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and Company as at 31 December 2017, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 45 to 87.

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 2017 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 1 significant component which required a full scope audit of its financial information, either because of their size or/and its risk characteristics.

This significant component was audited by Mazars China 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.

Area of focus

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

INDEPENDENT AUDITORS' REPORT

To the member of Ouhua Energy Holdings Limited

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.

Revenue Recognition **Refer to Note 4 to the financial statements**	
The key audit matter	***Our audit response***
In consideration 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. In addition, in accordance to ISA 240 "The Auditors' Responsibilities Relating to Fraud in an Audit of Financial Statements", there is a presumed fraud risk in revenue recognition and the presumption has not been rebutted.	Our audit procedures included, and were not limited to, testing the design and implementation of the Group's relevant key controls over the revenue recognition; performing substantive analytical procedures, such as analysing the gross profit margins reported by the Group; performing test of details which includes inspection of corresponding delivery documents; and performing cut-off tests.

Existence of Cash and Bank Balances **Refer to Note 19 to the financial statements**	
The key audit matter	***Our audit response***
As at 31 December 2017, the Group reported cash and bank balances of approximately RMB114 million which contributed about 28% of the total current assets. This represented a 48% increase from the closing balance as of the comparative reporting date. Accordingly, the existence of cash and bank balances was identified as an area of focus.	Our audit procedures included, and were not limited to, the performance of bank confirmation circularisation during which we controlled the circularisation process. All the bank balances as at 31 December 2017 were confirmed via bank confirmations which were sent and obtained by hand by us or through courier service engaged by us. For confirmations obtained by hand, we observed during the process that bank statements were printed directly by the bank representatives from their system and these statements were then attached to the bank confirmations which were stamped and signed off by the bank representatives. All bank balances in the bank confirmations agreed to the accounting records and where applicable, we have reviewed the bank reconciliations prepared by management.

INDEPENDENT AUDITORS' REPORT

To the member of Ouhua Energy Holdings Limited

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 and will 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 AUDITORS' REPORT

To the member of Ouhua Energy Holdings Limited

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 Lai Keng Wei.

MAZARS LLP
Public Accountants and
Chartered Accountants

Singapore
23 March 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2017

	Note	2017 RMB'000	2016 RMB'000
Revenue	4	2,640,570	2,179,839
Cost of sales		(2,526,925)	(2,023,359)
Gross profit		113,645	156,480
Other operating income	5	17,348	7,751
Selling and distribution expenses		(49,779)	(52,296)
Administrative expenses		(21,852)	(23,064)
Other operating expenses		(8,655)	(30,175)
Profit from operations		50,707	58,696
Finance costs	6	(14,079)	(17,723)
Profit before income tax expense	7	36,628	40,973
Income tax expense	9	-	-
Profit for the financial year		36,628	40,973
Other comprehensive income:			
Components of other comprehensive income that may be reclassified subsequently to profit or loss, net of tax			
Exchange differences on translation foreign operations		423	(399)
Total comprehensive profit for the financial year		37,051	40,574
Earnings per share attributable to owners of the Company (RMB fen per share)			
Basic and diluted	10	9.56	10.69

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

STATEMENTS OF FINANCIAL POSITION

Year ended 31 December 2017

		Group		Company	
	Note	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Non-current assets					
Property, plant and equipment	11	150,833	162,796	-	-
Investments in subsidiaries	12	-	-	156,277	156,277
Total non-current assets		150,833	162,796	156,277	156,277
Current assets					
Inventories	13	142,115	159,004	-	-
Trade and other receivables	14	83,491	86,698	98	-
Due from a related party	15	51,116	86,495	-	-
Investments	16	-	14,114	-	2,014
Margin deposits	17	2,123	1,587	2,123	1,587
Pledged fixed deposits	18	18,701	17,960	-	-
Cash and cash equivalents	19	113,987	77,274	156	351
Total current assets		411,533	443,132	2,377	3,952
Total assets		562,366	605,928	158,654	160,229
Current liabilities					
Trade and other payables	20	265,016	157,049	3,771	3,801
Due to related parties	15	5,068	4,496	4,235	4,496
Due to a subsidiary	21	-	-	28,222	28,432
Due to a holding company	21	1,633	1,734	1,633	1,734
Bank borrowings	22	66,910	313,961	-	-
Income tax payable		2,317	2,317	-	-
Total current liabilities		340,944	479,557	37,861	38,463
Non-current liabilities					
Bank borrowings	22	58,000	-	-	-
Net assets		163,422	126,371	120,793	121,766
Issued capital and reserves attributable to owners of the Company					
Share capital	23	149,488	149,488	149,488	149,488
Share premium	24	130,298	130,298	130,298	130,298
Statutory reserve	25	15,662	15,662	-	-
Foreign currency translation reserve	26	5,878	5,455	5,758	3,662
Accumulated losses		(137,904)	(174,532)	(164,751)	(161,682)
Total equity		163,422	126,371	120,793	121,766

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2017

	Share capital	Shares premium	Statutory reserve	Foreign currency translation reserve	Accumulated losses	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2016	149,488	130,298	15,662	5,854	(215,505)	85,797
Profit for the financial year	-	-	-	-	40,973	40,973
Other comprehensive income:						
Exchange differences on translating foreign operations	-	-	-	(399)	-	(399)
Total comprehensive income for the financial year	-	-	-	(399)	40,973	40,574
Balance at 1 January 2017	149,488	130,298	15,662	5,455	(174,532)	126,371
Profit for the financial year	-	-	-	-	36,628	36,628
Other comprehensive income:						
Exchange differences on translating foreign operations	-	-	-	423	-	423
Total comprehensive income for the financial year	-	-	-	423	36,628	37,051
Balance at 31 December 2017	149,488	130,298	15,662	5,878	(137,904)	163,422

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2017

	Note	2017 RMB'000	2016 RMB'000
Operating activities			
Profit before income tax expense		36,628	40,973
Adjustments for:			
Depreciation of property, plant and equipment		14,984	14,911
Interest income		(157)	(115)
Interest expense		14,079	17,723
Loss on disposal of property, plant and equipment		22	-
Gain from disposal of available-for-sales investments		(14)	(42)
Loss/(Gain) on disposal of financial assets at fair value through profit or loss		1,079	(378)
Fair value loss on financial assets at fair value through profit or loss		-	107
Operating profit before movements in working capital		66,621	73,179
Changes in working capital			
Inventories		16,889	(105,444)
Trade and other receivables		3,207	9,525
Due from a related party		35,379	6,050
Margin deposits		307	(102)
Trade and other payables		107,967	87,476
Cash generated from operations		230,370	70,684
Interest paid		(14,079)	(17,568)
Interest received		157	115
Net cash flows generated from operating activities		216,448	53,231
Investing activities			
Proceeds from disposal of available-for-sales investments		42,014	154,942
Purchase of available-for-sales investments		(29,900)	(91,500)
Proceeds from disposal of financial assets at fair value through profit or loss		-	22,751
Purchase of financial assets at fair value through profit or loss		-	(24,494)
Proceeds from disposal of property, plant and equipment		*	-
Purchase of property, plant and equipment	11	(3,043)	(1,349)
Net cash flows generated from investing activities		9,071	60,350
Financing activities			
Increase in pledged fixed deposits		(741)	(14,086)
Advances from a holding company		-	1,734
Repayment from a related party		833	11,969
Proceeds from bank borrowings		947,006	959,978
Repayments of bank borrowings		(1,136,057)	(1,032,240)
Net cash used in financing activities		(188,959)	(72,645)
Net increase in cash and cash equivalents		36,560	40,936
Cash and cash equivalents at beginning of financial year		77,274	36,322
Effect of foreign exchange rate changes in cash and cash equivalents		153	16
Cash and cash equivalents at end of financial year	19	113,987	77,274

* Less than RMB1,000

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2017

Reconciliation of assets/liabilities arising from financing activities

	1 January 2017	Financing cash inflows	Financing cash outflows	Non-cash movements: Foreign exchange movement	31 December 2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Liabilities					
Due to related parties	4,496	833	-	(261)	5,068
Due to a holding company	1,734	-	-	(101)	1,633
Bank borrowings	313,961	947,006	(1,136,057)	-	124,910
Assets					
Pledged deposits	(17,960)	-	(741)	-	(18,701)

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

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 Canon's Court, 22 Victoria Street, Hamilton HM12, 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 consolidated financial statements of the Group and the statement of financial position of the Company for the financial year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors of the Company on 23 March 2018.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements 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 consolidated 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 2017. Other than the following standard, the adoption of these new/revised IFRS and IFRIC did not result in changes to the Group's and Company's accounting policies, and has no material effect on the current or prior year and is not expected to have a material effect on future periods.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

IAS 7 *Amendments to IAS 7: Disclosure Initiative*

Consequent to the adoption of these amendments, the Group has disclosed additional information to enable users of the financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Comparative information has not been presented. This disclosure has been included in the Consolidated Statement of Cash Flows.

IFRS and IFRIC issued but not effective

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

		Effective date (annual periods beginning on or after)
IFRS 1	Amendments resulting from Annual Improvements 2014–2016 Cycle (removing short-term exemptions)	1 January 2018
IFRS 2	Amendments to IFRS 2: Classification and measurement of share-based payment Transaction	1 January 2018
IFRS 3	Amendments resulting from Annual Improvements 2015–2017 Cycle (remeasurement of previously held interest)	1 January 2019
IFRS 4	Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 insurance contracts	1 January 2018
IFRS 9	Financial Instruments	1 January 2018
IFRS 11	Amendments resulting from Annual Improvements 2015–2017 Cycle (remeasurement of previously held interest)	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 15	Amendments to IFRS 15: Effective date of IFRS 15	1 January 2018
IFRS 15	Amendments to IFRS 15: Clarifications to IFRS 15	1 January 2018
IFRS 16	Leases	1 January 2019
IFRS 17	Insurance Contracts	1 January 2021
IAS 12	Amendments resulting from Annual Improvements 2015–2017 Cycle (income tax consequences of dividends)	1 January 2019
IAS 19	Amendments regarding plan amendments, curtailments or settlements	1 January 2019
IAS 23	Amendments resulting from Annual Improvements 2015–2017 Cycle (borrowing costs eligible for capitalisation)	1 January 2019
IAS 28	Amendments to IAS 28: Long-term interests in Associates and Joint Ventures	1 January 2019
IAS 40	Amendments to IAS 40: Transfers of Investment Property	1 January 2018
IFRIC 22	Foreign currency Transactions and Advance Consideration	1 January 2018
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019

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.

IFRS 9 Financial Instruments

IFRS 9 supersedes *IAS 39 Financial Instruments: Recognition and Measurement* (“IAS 39”) with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

IFRS 9 Financial Instruments (Continued)

Financial assets are classified into financial assets measured at (i) fair value through profit or loss; (ii) amortised cost; or (iii) fair value through other comprehensive income, depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, or as otherwise designated as such upon initial recognition, if allowed.

Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the entity will have a choice to recognise the gains and losses in other comprehensive income if the financial assets are measured at fair value through other comprehensive income.

There have been no changes in the de-recognition requirements of financial assets and liabilities, nor the recognition, classification and measurement requirements for financial liabilities from IAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch.

A new forward-looking impairment model based on expected credit losses, which replaces the incurred loss model in IAS 39, determines the recognition of impairment provisions as well as interest revenue. An entity will recognise (at a minimum of) 12 months of expected credit losses in profit or loss for financial assets measured at amortised cost or fair value through other comprehensive income, unless in the circumstance when there is a significant increase in credit risk after initial recognition which requires the entity to recognise lifetime expected credit losses on the affected assets.

The Group plans to apply the simplified approach and record lifetime expected impairment losses on all trade and other receivables and any contract assets arising from the application of IFRS 9. However, the Group has not completed its assessment of the potential impact of IFRS 9 on its financial statements in the initial year of adoption. Based on currently known and reasonably estimate information relevant to its assessment, the Group expects no material impact in its initial adoption.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes *IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 113 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and INT IFRS 31 Revenue – Barter Transactions Involving Advertising Services* to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

Entities are required to adopt a five-step model which requires (i) identify the contract with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocation the transaction price to the performance obligations in the contract; and (v) recognise revenue when or as the entity satisfies a performance obligation.

The core principle is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration which the entity expects to be entitled in exchange for those goods or services.

The Group has assessed the potential impact of IFRS 15 and concluded that there is no material impact on the financial statements of the Group in the period of their initial adoption.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

IFRS 16 Leases

IFRS 16 supersedes *IAS 17 Lease, IFRIC 4 Determining whether an Arrangement contains a Lease, Standard Interpretations Committee ("SIC") 15 Operating Leases – Incentives, and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease* to set out the principles for the recognition, measurement, presentation and disclosure of leases. The changes introduced by IFRS 16 will primarily affect the financial statements of the lessees.

IFRS 16 requires, with limited exceptions, the lessee to recognise, at initial recognition, lease liabilities, measured at the present value of lease payments that are not paid as of that date to reflect the present value of the future lease payments, and right-of-use assets at cost, comprising elements including the amount of the initial measurement of the lease liabilities, initial direct costs incurred by the lessee and estimates of other contracted costs to be incurred by the lessee, for its lease contracts. Leases of "low-value" assets and qualifying short term leases entered into by lessees can be exempted from the new recognition criteria.

The Group is still assessing the potential impact of IFRS 16 on its financial statements in the initial year of adoption.

2.2 Basis of consolidation

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

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 IAS 39 or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

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

2.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is presented net of estimated customer returns, rebates, other similar allowances and sales related taxes.

<u>Sale of goods</u>

Revenue from the sale of liquefied petroleum gas ("LPG"), propane ("C3") and butane ("C4") is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods and retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Normally these criteria are met when the goods are delivered to or collected by and accepted by the buyer.

<u>Rendering services</u>

Revenue from tug boat service is recognised in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be performed.

2. Summary of significant accounting policies (Continued)

2.3 Revenue recognition (Continued)

Interest income

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

2.4 Borrowing costs

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

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

2.5 Employee benefits

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

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

2.6 Income taxes

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

2. Summary of significant accounting policies (Continued)

2.6 Income taxes (Continued)

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

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

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

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

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

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

2.7 Foreign currency transaction and translation

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

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

2. Summary of significant accounting policies (Continued)

2.7 Foreign currency transaction and translation (Continued)

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

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

2.8 Property, plant and equipment

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

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

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

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

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

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-dockings for replacement of certain components, major repairs and maintenance of other components, which cannot be carried out while the vessel is operating. Approximately 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

2. Summary of significant accounting policies (Continued)

2.8 Property, plant and equipment (Continued)

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

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

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

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

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

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

2.9 Impairment of tangible assets

The Group reviews the carrying amounts of its tangible and intangible 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.

2. Summary of significant accounting policies (Continued)

2.10 Financial instruments

Financial assets and financial liabilities are recognised on the Group's and the Company's statements of financial position when the Group and the Company become a party to the contractual provisions of the instrument.

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.

Financial assets

All financial assets are recognised on a trade date - the date on which the Group commits to purchase or sell the asset. They 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.

Financial assets are classified into the following specified categories: held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose for which these financial assets were acquired and is determined at the time of initial recognition.

Financial asset at fair value through profit or loss (FVTPL)

A financial asset is classified as FVTPL if the financial asset is either held for trading or is designated as such upon initial recognition.

A financial asset is classified as held-for-trading if it has been acquired principally for the purpose of selling in the short term; or if it is part of an identified portfolio of financial instruments with a recent actual pattern of short-term profit-taking and which is managed by the Group; or if it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee contract.

A financial asset which is not classified as held-for-trading may be designated as FVTPL upon initial recognition if the financial asset is managed as part of a group of financial instruments, with its performance being evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

Gains or losses arising from changes in the fair value are recognised in profit or loss. The net gain or loss incorporates any dividend or interest earned on the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

2. Summary of significant accounting policies (Continued)

2.10 Financial instruments (Continued)

Financial assets (Continued)

Available-for-sale financial assets ("AFS")

Certain unquoted instruments held by the Group are classified as AFS if they are not classified in any of the other categories. Subsequent to initial recognition, with the exception of unquoted equity instruments that are not carried at fair value as their fair value cannot be reliably measured, AFS are measured at fair value and changes therein are recognised directly in the available-for-sale reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the available-for-sale reserve included in profit or loss for the period.

Investment in unquoted instruments whose fair value cannot be reliably measured are measured at cost less any impairment loss.

Loans and receivables

Non-derivative financial assets which have fixed or determined payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost, using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

The Group's loans and receivables in the statement of financial position comprise trade and other receivables (excluding prepayments, value added tax receivable and advances to supplier), due from related parties, margin deposits, pledged fixed deposits and cash and cash equivalents.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried, at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amounts of all financial assets are reduced by the impairment loss directly with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in the profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through the consolidated profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity, except for impairment losses on equity instruments at cost which are not reversed.

2. Summary of significant accounting policies (Continued)

2.10 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 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.

On derecognition, any difference between the carrying amount and the sum of proceeds received and amounts previously recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the 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 Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. The Group classifies ordinary shares as equity instrument.

Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Other financial liabilities

Trade and other payables, notes payable and due to a related party/subsidiary/holding company (excluding advances from customers).

Trade and other payables and due to a related party/subsidiary/holding company 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

2. Summary of significant accounting policies (Continued)

2.10 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Borrowings

Interest-bearing bank loans 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 Group's accounting policy for borrowing costs.

Derecognition of financial liabilities

The Group derecognise financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

2.11 Inventories

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

2.12 Margin deposits

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

2.13 Cash and cash equivalents

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

2.14 Leases

Operating leases

Rentals payable under operating leases are charged to the profit or loss 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 economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2. Summary of significant accounting policies (Continued)

2.15 Provisions

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

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

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

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

2.16 Government subsidies

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

2.17 Segment reporting

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

3. Critical accounting judgements and key sources of estimation uncertainty

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

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

3.1 Critical judgements in applying the entity's accounting policies

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

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

3.1 Critical judgements in applying the entity's accounting policies (Continued)

(i) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of its subsidiaries. In determining the functional currencies of the respective entity in the Group, judgement is required to determine the currency that mainly influences sales prices of goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on the local management's assessment of the economic environment in which the entities operate and the respective entities' process of determining sales prices.

(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 are impaired. Where necessary, the Company's assessments are based on the fair value less cost to sell of the assets. The Company's carrying amount of investments in subsidiaries as at 31 December 2017 was $156,277,000 (2016: $156,277,000).

(iii) Impairment of property, plant and equipment

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

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

The carrying amount of the Group's property, plant and equipment as at 31 December 2017 was RMB150,833,000 (2016: RMB162,796,000).

(iv) Impairment of loans and receivables

The allowance policy for doubtful debts of the Group is based on the ageing analysis and management's ongoing evaluation of the recoverability of the outstanding receivables. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables including the assessment of the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their abilities to make payments, additional allowances may be required. The carrying amount of the Group and the Company's loans and receivables as at 31 December 2017 were RMB195,673,000 and RMB2,279,000 (2016: RMB197,066,000 and RMB1,938,000) respectively.

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

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. their estimated useful lives after taking into account of their estimated residual values

(i) Depreciation of property, plant and equipment

The Group depreciates the property, plant and equipment over. 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 2017 was RMB150,833,000 (2016: RMB162,796,000).

(ii) 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 2017 was RMB142,115,000 (2016: RMB159,004,000).

(iii) 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 2017 was RMB2,317,000 (2016: RMB2,317,000).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

4. Revenue

Revenue represents invoiced amount of liquefied petroleum gas, propane and butane sold net of discounts, returns and value added tax.

5. Other operating income

	Group	
	2017	**2016**
	RMB'000	**RMB'000**
Tug boat service	782	929
Interest income from fixed deposits	157	115
Subsidies from government*	871	863
Gain from disposal of available-for-sales investments	14	42
Vessel rental income	4,078	5,234
Warehouse rental income	-	190
Gain on disposal of financial assets at fair value through profit or loss	-	378
Foreign exchange gain	11,446	-
	17,348	7,751

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

6. Finance costs

	Group	
	2017	**2016**
	RMB'000	**RMB'000**
Interest on trust receipts	5,613	6,525
Interest on bank borrowings	8,466	11,198
	14,079	17,723

7. Profit before income tax expense

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

	Group	
	2017	**2016**
	RMB'000	**RMB'000**
Foreign exchange loss	-	21,345
Audit fees paid to auditors		
- Auditors of the Company	488	476
- Other auditors	252	252
Operating lease expenses	6,519	6,319
Depreciation on property, plant and equipment (Note 11)	14,984	14,911
Employee benefit costs (Note 8)	10,725	10,363
Marine freight	33,931	31,059
Fair value loss on financial assets at fair value through profit or loss	-	107
Loss on disposal of financial assets at fair value through profit or loss	1,079	-

8. Employee benefits costs

	Group 2017 RMB'000	Group 2016 RMB'000
Salaries, bonuses and allowances	9,171	9,142
Other staff benefits	731	473
Contribution to retirement benefits schemes	823	748
	10,725	10,363

Employee benefits costs included the amounts shown as Directors' remuneration in Note 28(b) to the financial statements.

9. Income tax expense

(a) Income tax expense in the consolidated profit or loss is as follows:

	Group 2017 RMB'000	Group 2016 RMB'000
Current tax	-	-

(b) Reconciliation of effective tax rate:

	Group 2017 RMB'000	Group 2016 RMB'000
Profit before income tax expense	36,628	40,973
Tax calculated at applicable PRC tax rate of 25% (2016: 25%)	9,157	10,243
Tax effect of non-deductible items	4,513	4,153
Utilisation of deferred tax asset previously not recognised arising from tax losses	(13,670)	(14,396)
	-	-

The Company is exempted from income in the country of incorporation.

At the reporting date, the subsidiary of the Group has unutilised tax losses amounting to RMB104,341,000 (2016: RMB159,021,000) which can be carried forward and used to offset the future taxable income, subject to meeting certain statutory requirements in the country of incorporation. The tax losses will expire in five years from the year it arose. Deferred tax assets are not recognised due to uncertainty of its recoverability.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

9. Income tax expense (Continued)

(c) 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.

10. Earnings per share

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

	2017	**2016**
Profit attributed to equity holders (RMB'000)	36,628	40,973
Weighted average number of ordinary shares ('000)	383,288	383,288
Basic and diluted earnings per share (RMB fen)	9.56	10.69

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 2017 and 2016.

11. Property, plant and equipment

Group	Buildings and storage RMB'000	Vessel RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Leasehold improvements RMB'000	Total RMB'000
Cost							
Balance at 1 January 2017	183,316	115,000	17,854	4,121	1,550	4,930	326,771
Additions	2,368	-	381	145	79	70	3,043
Disposal	-	-	-	(44)	-	-	(44)
Balance at 31 December 2017	185,684	115,000	18,235	4,222	1,629	5,000	329,770
Accumulated depreciation							
Balance at 1 January 2017	105,212	29,670	17,379	1,734	1,465	3,539	158,999
Charged for the financial year	8,046	5,244	50	315	20	1,309	14,984
Disposal	-	-	-	(22)	-	-	(22)
Balance at 31 December 2017	113,258	34,914	17,429	2,027	1,485	4,848	173,961
Accumulated impairment losses							
Balance as at 1 January / 31 December 2017	-	4,976	-	-	-	-	4,976
Carrying amount							
At 31 December 2017	72,426	75,110	806	2,195	144	152	150,833

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

11. **Property, plant and equipment (Continued)**

Group	**Buildings and storage** RMB'000	**Vessel** RMB'000	**Plant and machinery** RMB'000	**Motor vehicles** RMB'000	**Office equipment** RMB'000	**Leasehold improvements** RMB'000	**Total** RMB'000
Cost							
Balance at 1 January 2016	183,233	115,000	17,777	3,978	1,522	3,912	325,422
Additions	83	-	77	143	28	1,018	1,349
Balance at 31 December 2016	183,316	115,000	17,854	4,121	1,550	4,930	326,771
Accumulated depreciation							
Balance at 1 January 2016	97,096	24,426	17,333	1,430	1,453	2,350	144,088
Charged for the financial year	8,116	5,244	46	304	12	1,189	14,911
Balance at 31 December 2016	105,212	29,670	17,379	1,734	1,465	3,539	158,999
Accumulated impairment losses							
Balance as at 1 January / 31 December 2016	-	4,976	-	-	-	-	4,976
Carrying amount							
At 31 December 2016	78,104	80,354	475	2,387	85	1,391	162,796

11. Property, plant and equipment (Continued)

As at 31 December 2017, property, plant and equipment amounting to approximately RMB113,824,747 (2016: RMB123,850,256) was pledged with a bank for banking facilities granted (Note 22).

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.

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

12. Investments in subsidiaries

	Company	
	2017 RMB'000	2016 RMB'000
Unquoted equity investment, at cost	221,417	221,417
Loan to a subsidiary [(a)]	62,860	62,860
Less: Allowance for impairment	(128,000)	(128,000)
	156,277	156,277

[(a)] The loan to a subsidiary forms part of the Company's net investment. The loan is unsecured, interest-free and settlement is neither planned nor likely to occur in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

12. Investments in subsidiaries (Continued)

Details of the subsidiaries are as follow:

Name of subsidiary/ (Principal place of business)	Registered capital	Effective equity held by the Group 2017	Effective equity held by the Group 2016	Principal activities
Chaozhou Ouhua Energy Co., Ltd [1] (PRC)	RMB221,416,000	100%	100%	Import, processing and wholesale of liquefied petroleum gas
Ouhua Energy (Singapore) Pte. Ltd. [2] (Singapore)	S$100	100%	100%	Dormant

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

13. Inventories

	Group 2017 RMB'000	Group 2016 RMB'000
Raw materials	130,276	155,606
Finished goods	11,839	3,398
	142,115	159,004
Movement of allowances for inventories written-down:		
At 1 January	-	355
Utilisation during the financial year	-	(355)
At 31 December	-	-

Cost of inventories recognised in cost of sales amounted to approximately RMB2,543,813 (2016: RMB1,917,915) during the financial year.

In 2016, the Group reversed RMB355,000 of a previous inventory write-down, as the Group sold the relevant goods at above carrying value that had been written down at original cost. The amount reversed has been included in 'cost of sales' in the income statement.

14. Trade and other receivables

	Group	
	2017	**2016**
	RMB'000	**RMB'000**
Trade receivables – third parties	8,106	12,610
Allowance for impairment of trade receivables		
At 1 January / 31 December	(899)	(899)
	7,207	11,711
Prepayments	151	95
Advances to suppliers	73,547	68,985
Value added tax receivable, net	47	3,868
Staff advances	625	432
Others	1,953	1,646
Allowance for impairment of other receivables		
At 1 January / 31 December	(39)	(39)
Total trade and other receivables	83,491	86,698
Add: Due from a related party (Note 15)	51,116	86,495
Add: Margin deposits (Note 17)	2,123	1,587
Add: Pledged fixed deposits (Note 18)	18,701	17,960
Add: Cash and cash equivalents (Note 19)	113,987	77,274
Less: Advance to suppliers	(73,547)	(68,985)
Less: Prepayments	(151)	(95)
Less: Value added tax receivable, net	(47)	(3,868)
Total loans and receivables	195,673	197,066

	Company	
	2017	**2016**
	RMB'000	**RMB'000**
Prepayments	98	-
Add: Margin deposits (Note 17)	2,123	1,587
Add: Cash and cash equivalents (Note 19)	156	351
Less: Prepayments	(98)	-
Total loans and receivables	2,279	1,938

Trade receivables from third parties are non-interest bearing and are generally on credit term of 10 days (2016: 10 days). They are recognised at their original invoice amounts which represents their fair values on initial recognition. Allowance for trade receivables are provided for based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

15. Due from/to related parties

	Group		Company	
	2017	2016	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Due from a related party				
Trade	51,116	86,495	-	-
Due to related parties				
Non-trade	5,068	4,496	4,235	4,496

The trade amount owing from a related party is non-interest bearing and is generally on credit term stated in the agreement.

The non-trade amount owing to related parties are unsecured, interest-free and are repayable on demand. The carrying amount of due to a related party approximates its fair value.

16. Investments

	Group		Company	
	2017	2016	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Investments, at fair value				
Available-for-sale	-	12,100	-	-
Financial assets at fair value through profit or loss	-	2,014	-	2,014
Total investments	-	14,114	-	2,014

Available-for-sale investment represents investments in unit trust and financial assets at fair value through profit or loss represents investments in commodity contracts.

17. Margin deposits

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

The carrying amounts of margin deposits approximate their fair values.

18. Pledged fixed deposits

Fixed deposits at the end of the financial year have an average maturity period of 3 months (2016: 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 are at 0.30% (2016: 0.30%) per annum. The carrying amounts of pledged fixed deposits approximate their fair values.

19. Cash and cash equivalents

	Group		Company	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Cash balances	1,631	987	-	-
Bank balances	112,356	76,287	156	351
	113,987	77,274	156	351

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

As at 31 December 2017, the Group has cash and cash equivalents placed with banks in the PRC amounting to RMB112,356,000 (2016: RMB76,287,000). The repatriation of the cash into Singapore is subject to the Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations in the PRC.

20. Trade and other payables

	Group		Company	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Trade payables	223,919	95,472	-	-
Accrued expenses	16,404	13,831	1,321	1,201
Advance from customers	17,811	41,726	-	-
Due to a director	2,450	2,575	2,450	2,575
Others	4,432	3,445	-	25
Total trade and other payables	265,016	157,049	3,771	3,801
Add: Due to a related party (Note 15)	5,068	4,496	4,235	4,496
Add: Due to a subsidiary	-	-	28,222	28,432
Add: Due to holding company	1,633	1,734	1,633	1,734
Less: Advances from customers	(17,811)	(41,726)	-	-
Total other financial liabilities	253,906	121,553	37,861	38,463

Trade payables are non-interest bearing and are normally settled on 30 days (2016: 30 days) terms while other payables have an average term of 10 days (2016: 10 days).

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

The carrying amounts of trade and other payables approximate their fair values.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

22. Bank borrowings

	Group 2017 RMB'000	Group 2016 RMB'000
Trust receipts	66,910	152,961
Bank loan	58,000	161,000
	124,910	313,961
Less: Amount due for settlement within 12 months (shown under current liabilities)	(66,910)	(313,961)
Amount due for settlement after 12 months (shown under non-current liabilities)	58,000	-

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

Bank loan was secured by certain property, plant and equipment (Note 11) and corporate guarantees from related parties and personal guarantee from a director.

The average effective borrowing rates for trust receipts and bank borrowings range between 2.82% (2016: 1.92%) and 5.43% (2016: 5.86%) respectively.

The carrying amounts of short-term borrowings approximate their fair values.

23. Share capital

	Group and Company					
	2017	2016	2017		2016	
	No. of ordinary shares '000	No. of ordinary shares '000	USD'000	RMB'000	USD'000	RMB'000
Authorised (of USD0.05 each)	1,000,000	1,000,000	50,000	390,000	50,000	390,000
Issued and fully paid At 1 January and 31 December	383,288	383,288	19,164	149,488	19,164	149,488

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

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

24. Share premium

	Group and Company			
	2017		2016	
	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 USD0.05.

25. 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.

There is no movement in the Group's statutory reserve in financial year 2017 and 2016 as the Group's PRC subsidiary is in an accumulated loss position at the end of both financial years.

26. 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.

27. Commitments

Operating lease commitments

At the end of the financial year, commitments in respect of non-cancellable operating leases in respect of office premises, vessel and other operating facilities are as follows:

	Group	
	2017	**2016**
	RMB'000	**RMB'000**
Within one year	6,519	5,924
After one financial year but not later than five years	23,981	21,483
After five years	20,141	25,511
	50,641	52,918

Lease for office premises is initially for period of three years with no contingent rentals payments.

The Company's subsidiary, Chaozhou Ouhua Energy Co., Ltd, leases port terminal, land use rights, certain buildings and tugs boats from Chaozhou Huafeng Refining Co., Ltd, a related party, where lease rental is negotiated and fixed for a term of 15 to 20 years under non-cancellable operating lease agreements. In previous financial year, the subsidiary also leased a vessel from another related party. The contract has expired, without renewal, by the end of previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

28. 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.

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

(a) Sale and purchases of goods and services

	Group	
	2017 RMB'000	2016 RMB'000
Revenue		
Sale of LPG to a related party	236,308	309,904
Expenses		
Lease of port terminals, land use rights, office premises and staff dormitory paid to a related party	(5,108)	(5,236)
Vessel rental paid to a related party	(674)	(7,029)
LPG transportation vehicles rental paid to related party	(4,936)	(5,741)
Petrol for car usage paid to a related party	(60)	(38)

28. Significant related party transactions (Continued)

(b) Compensation of key management personnel

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

	Group	
	2017	**2016**
	RMB'000	**RMB'000**
Directors' fees	581	572
Director's salaries	751	627
Post-employment benefits	42	43
	1,374	1,242

29. Financial instruments and financial risk

The Group's activities expose it to credit risk, liquidity risk, and market risk (including interest rate risk, foreign currency risk and commodity price 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.

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.

At the reporting date, the Company's trade receivables comprise 1 debtor (2016: 1 debtor), a related party of the Company, that individually represented more than 86% (2016: 87%) of the carrying amount of total trade receivables. The Company's primary exposure to credit risk arises relating to trade receivables and is limited due to the Company's many varied customers. These customers are engaged in a wide spectrum of industries.

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, available-for-sale financial assets and pledged fixed deposits.

As at 31 December 2017 and 2016, substantially all the margin deposits, pledged fixed deposits and cash and cash equivalents as detailed in Notes 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

29. Financial instruments and financial risk (Continued)

Credit risk (Continued)

Trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group.

The trade receivables that are past due for more than 1 year and less than 3 years but not impaired is amounted to RMB100,000 (2016: RMB197,000).

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). The table includes both interest and principal cash flows.

	Group			
Group	**Effective interest rate %**	**Less than 1 year RMB'000**	**2 to 5 years RMB'000**	**Total RMB'000**
Undiscounted financial assets				
Trade receivables – third parties	-	7,207	-	7,207
Value added tax receivable, net	-	47	-	47
Staff advances	-	625	-	625
Others	-	1,914	-	1,914
Due from a related party	-	51,116	-	51,116
Cash and cash equivalents	-	113,987	-	113,987
As at 31 December 2017		174,896	-	174,896
Trade receivables – third parties	-	11,711	-	11,711
Value added tax receivable, net	-	3,868	-	3,868
Staff advances	-	432	-	432
Others	-	1,607	-	1,607
Due from a related party	-	86,495	-	86,495
Investments	-	14,114	-	14,114
Cash and cash equivalents	-	77,274	-	77,274
As at 31 December 2016		195,501	-	195,501

29. Financial instruments and financial risk (Continued)

Liquidity risk (Continued)

Group	Effective interest rate %	Less than 1 year RMB'000	2 to 5 years RMB'000	Total RMB'000
		Group		
Undiscounted financial liabilities				
Trade payables	-	223,919	-	223,919
Accrued expenses	-	16,404	-	16,404
Due to a director	-	2,450	-	2,450
Others	-	4,432	-	4,432
Due to related parties	-	5,068	-	5,068
Due to holding company	-	1,633	-	1,633
Bank borrowings, fixed interest rates	1.90 – 6.00	69,586	-	69,586
Bank borrowings, floating interest rates	4.99 – 5.71	-	60,900	60,900
As at 31 December 2017		323,492	60,900	384,392
Trade payables	-	95,472	-	95,472
Accrued expenses	-	13,831	-	13,831
Due to a director	-	2,575	-	2,575
Others	-	3,445	-	3,445
Due to related parties	-	4,496	-	4,496
Due to holding company	-	1,734		1,734
Bank borrowings, fixed interest rates	1.60 – 2.20	153,348	-	153,348
Bank borrowings, floating interest rates	5.71 – 6.01	168,439	-	168,439
As at 31 December 2016		443,340	-	443,340
Total undiscounted net financial liabilities - at 31 December 2017		(148,596)	(60,900)	(209,496)
- at 31 December 2016		(247,839)	-	(247,839)

The Group's operations are financed mainly through equity and bank borrowings. Adequate lines of credits are maintained to ensure the necessary liquidity is available when required.

	Effective interest rate %	Less than 1 year RMB'000	2 to 5 years RMB'000	Total RMB'000
		Company		
Undiscounted financial assets				
Cash and cash equivalents	-	156	-	156
As at 31 December 2017	-	156	-	156
Cash and cash equivalents	-	351	-	351
Investments		2,014		2,014
As at 31 December 2016	-	2,365	-	2,365

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

29. Financial instruments and financial risk (Continued)

Liquidity risk (Continued)

	Company			
	Effective interest rate	Less than 1 year	2 to 5 years	Total
	%	RMB'000	RMB'000	RMB'000
Undiscounted financial liabilities				
Trade and other payables	-	3,771	-	3,771
Due to related party	-	4,235	-	4,235
Due to a subsidiary	-	28,222	-	28,222
Due to holding company	-	1,633	-	1,633
As at 31 December 2017	-	37,861	-	37,861
Trade and other payables	-	3,801	-	3,801
Due to related party	-	4,496	-	4,496
Due to a subsidiary	-	28,432	-	28,432
Due to holding company		1,734	-	1,734
As at 31 December 2016	-	38,463	-	38,463
Total undiscounted net financial assets/(liabilities)				
- At 31 December 2017		(37,705)	-	(37,705)
- At 31 December 2016		(36,098)	-	(36,098)

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

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risk for non-derivative instruments at the end of financial year. The sensitivity analysis assumes an instantaneous 10% change in the interest rates from the end of financial year, with all variables held constant.

29. Financial instruments and financial risk (Continued)

Interest rate risk (Continued)

	Group			
	Consolidated profit or loss		Other component of equity	
	10% increase RMB'000	10% decrease RMB'000	10% increase RMB'000	10% decrease RMB'000
As at 31 December 2017				
Bank borrowings	(381)	381	-	-
As at 31 December 2016				
Bank borrowings	(783)	783	-	-

The Company has no significant exposure to interest rate risk.

Foreign currency risk

The Group and the Company are exposed to foreign currency risk on transactions denominated in foreign currencies arising from normal trading, borrowings and investment activities. However, to minimise such foreign currency exposures, the Group uses a combination of derivative financial instruments such as forward foreign exchange contracts and natural hedges. It is, and has been throughout the current and previous financial year the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The currency giving rise to foreign currency risk is primarily the United States dollar ("USD") and Singapore dollar ("SGD").

Group 2017	USD RMB'000	RMB RMB'000	SGD RMB'000	Total RMB'000
Financial assets				
Trade receivables – third parties	-	7,207	-	7,207
Staff advances	-	625	-	625
Others	-	1,914	-	1,914
Due from related parties	-	51,116	-	51,116
Margin deposits	2,123	-	-	2,123
Pledged fixed deposits	-	18,701	-	18,701
Cash and cash equivalents	137	113,831	19	113,987
	2,260	193,394	19	195,673
Financial liabilities				
Trade payables	223,919	-	-	223,919
Accrued expenses	-	15,083	1,321	16,404
Due to a director	-	-	2,450	2,450
Due to holding company	1,633	-	-	1,633
Others	-	4,432	-	4,432
Due to related parties	4,235	833	-	5,068
Bank borrowings	66,910	58,000	-	124,910
	296,697	78,348	3,771	378,816
Net financial (liabitlities)/assets	(294,437)	115,046	(3,752)	(183,143)
Less: Net liabilities/(assets) denominated in respective entities functional currency	3,608	(115,046)	-	(111,438)
Currency exposure	(290,829)	-	(3,752)	(294,581)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

29. Financial instruments and financial risk (Continued)

Market risk (Continued)

Foreign currency risk (Continued)

Group 2016	**USD** RMB'000	**RMB** RMB'000	**SGD** RMB'000	**Total** RMB'000
Financial assets				
Trade receivables – third parties	-	11,711	-	11,711
Staff advances	-	432	-	432
Others	-	1,607	-	1,607
Due from related parties	-	86,495	-	86,495
Margin deposits	1,587	-	-	1,587
Investments	-	14,114	-	14,114
Pledged fixed deposits	-	17,960	-	17,960
Cash and cash equivalents	327	76,923	24	77,274
	1,914	209,242	24	211,180
Financial liabilities				
Trade payables	95,472	-	-	95,472
Accrued expenses	-	12,630	1,201	13,831
Due to a director	-	-	2,575	2,575
Due to holding company	1,734	-	-	1,734
Others	-	3,420	25	3,445
Due to related parties	4,496	-	-	4,496
Bank borrowings	152,961	161,000	-	313,961
	254,663	177,050	3,801	435,514
Net financial (liabilities)/assets	(252,749)	32,192	(3,777)	(220,466)
Less: Net liabilities/(assets) denominated in respective entities functional currency	4,316	(32,192)	-	(27,876)
Currency exposure	(248,433)	-	(3,777)	(252,210)

Company 2017	**USD** RMB'000	**RMB** RMB'000	**SGD** RMB'000	**Total** RMB'000
Financial assets				
Cash and cash equivalents	137	-	19	156
Margin deposits	2,123	-	-	2,123
	2,260	-	19	2,279
Financial liabilities				
Trade and other payables	-	-	3,771	3,771
Due to a subsidiary	-	28,222	-	28,222
Due to a related party	4,235	-	-	4,235
Due to holding company	1,633	-	-	1,633
	5,868	28,222	3,771	37,861
Net financial liabilities	(3,608)	(28,222)	(3,752)	(35,582)
Less: Net liabilities denominated in functional currency	3,608	-	-	3,608
Currency exposure	-	(28,222)	(3,752)	(31,974)

29. Financial instruments and financial risk (Continued)

Market risk (Continued)

Foreign currency risk (Continued)

Company 2016	USD RMB'000	RMB RMB'000	SGD RMB'000	Total RMB'000
Financial assets				
Cash and cash equivalents	327	-	24	351
Margin deposits	1,587	-	-	1,587
Investments	2,014	-	-	2,014
	3,928	-	24	3,952
Financial liabilities				
Trade and other payables	-	-	3,801	3,801
Due to a subsidiary	-	28,432	-	28,432
Due to a related party	4,496	-	-	4,496
Due to holding company	1,734	-	-	1,734
	6,230	28,432	3,801	38,463
Net financial liabilities	(2,302)	(28,432)	(3,777)	(34,511)
Less: Net liabilities denominated in functional currency	2,302	-	-	2,302
Currency exposure	-	(28,432)	(3,777)	(32,209)

Foreign currency sensitivity analysis

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

	Group			
	Consolidated profit or loss		Other component or equity	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
As at 31 December				
USD	(29,083)	(24,843)	(29,083)	(24,843)
SGD	(376)	(378)	(376)	(378)

Commodity price risk

The Group has commodity price risk as Propane ("C3") is traded commodity via the Group's trading in the contracts (Note 16). Any significant movements in the prices for C3 may have a material impact on the financial position and results of operation.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

30. 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 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 are determined using the other observable, either directly or indirectly, inputs such as quoted prices for similar assets/liabilities in active markets or included within Level 1, quoted prices for identical or similar assets/liabilities in non-active markets.

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

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

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy as at the financial year:

	Group			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
2017				
Financial assets				
Investments	-	-	-	-
At 31 December	-	-	-	-
2016				
Financial assets				
Investments	14,114	-	-	14,114
At 31 December	14,114	-	-	14,114

The carrying amounts of the financial assets and financial liabilities, including cash and cash equivalents, trade and other receivables and payables and the above financial assets, approximate their respective fair values.

31. 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.

31. Capital management policies and objectives (Continued)

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. The Group is also subject to a bank covenant for its bank borrowings to maintain an asset liability ratio of 85%.

As disclosed in Note 25, 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.

The Group's strategy was to maintain the debt to equity ratio under 1. The debt-equity ratios as at 31 December 2017 and 2016 were as follows:

	Group	
	2017	**2016**
	RMB'000	**RMB'000**
Total liabilities	398,944	479,557
Equity	163,422	126,371
Debt to equity ratio	2.44	3.79

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

The Group's overall strategy remains unchanged from 2016.

32. Segment reporting

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

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

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

Distribution of total sales by geographical markets:

	Group	
	2017	**2016**
	RMB'000	**RMB'000**
PRC	2,260,052	1,976,988
Asia Pacific	380,518	202,851
	2,640,570	2,179,839

Major customers

The revenues from one customer, which is a related party, of the Group's trading segment represent approximately RMB236,308,000 (2016: RMB309,904,000.).

Other information relating to segmental results and assets are disclosed in the respective notes to the financial statements.

STATISTICS OF SHAREHOLDINGS

As at 7 March 2018

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

The Company does not hold any treasury shares.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 7 MARCH 2018

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	1	0.05	20	0.00
100 - 1,000	55	2.88	52,800	0.01
1,001 - 10,000	825	43.17	5,958,300	1.56
10,001 - 1,000,000	1,012	52.96	64,896,100	16.93
1,000,001 and above	18	0.94	312,380,780	81.50
Total	1,911	100.00	383,288,000	100.00

SUBSTANTIAL SHAREHOLDERS

	DIRECT INTEREST		DEEMED INTEREST	
	NUMBER OF SHARES	%	NUMBER OF SHARES	%
Mr Liang Guo Zhan	100	Nm(2)	220,914,000	57.64
High Tree Worldwide Ltd(1)	220,914,000	57.64	–	–
Ms Wang Hua Zhu	21,880,000	5.71	–	–

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

(2) Not meaningful.

STATISTICS OF SHAREHOLDINGS

As at 7 March 2018

TWENTY LARGEST SHAREHOLDERS AS AT 7 MARCH 2018

	NAME OF SHAREHOLDER	NO. OF SHARES	%
1	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	245,874,780	64.15
2	WANG HUA ZHU	21,880,000	5.71
3	XU RIZHAO	8,604,500	2.24
4	TANG YUAN BO	7,792,000	2.03
5	PHILLIP SECURITIES PTE LTD	6,596,000	1.72
6	MAYBANK KIM ENG SECURITIES PTE LTD	4,300,000	1.12
7	CHAN KHENG ANN	2,000,000	0.52
8	LI KUN	1,791,000	0.47
9	KALINAR INVESTMENTS PTE LTD	1,700,000	0.44
10	CHEN ZEFENG	1,641,000	0.43
11	UOB KAY HIAN PTE LTD	1,528,000	0.40
12	GAN TIAM SIANG	1,527,500	0.40
13	KGI SECURITIES (SINGAPORE) PTE LTD	1,408,000	0.37
14	OCBC SECURITIES PRIVATE LTD	1,347,000	0.35
15	KIM SENG HOLDINGS PTE LTD	1,190,000	0.31
16	GUO SHAO KAI	1,094,000	0.29
17	TAN ENG CHUA EDWIN	1,054,000	0.27
18	LEE LENG LOKE	1,053,000	0.27
19	CHIANG LIEW CHIN NEE YONG LIEW CHIN	900,000	0.23
20	CHEN SHAOWEN	806,000	0.21
	TOTAL:	314,086,780	81.93

FREE FLOAT

Based on the information provided to the Company as at 7 March 2018, approximately 36.62% of the issued ordinary shares of the Company was held by the public. Accordingly, Rule 723 of the SGX-ST Listing Manual 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 Friday, 20 April 2018 at 10 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 2017 together with the report of the Auditors and Directors' Statement. **(Resolution 1)**

2. To re-elect the following Directors retiring pursuant to the following Bye-Laws of the Company:-

   Mr Tham Hock Chee (Bye-Law 104) **(Resolution 2)**

   Mr Xiong Wei (Bye-Law 104) **(Resolution 3)**

   [See Explanatory Note 1]

3. To approve the payment of Directors' fees of S$119,000 for the financial year ended 31 December 2017. **(Resolution 4)**

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

5. To update on status of sustainability report for the financial year ended 31 December 2017.

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:-

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

NOTICE OF ANNUAL GENERAL MEETING

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

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

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

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

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

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

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 2017 (the "Appendix") with the interested persons described in the Appendix, provided that such transactions are transacted on normal commercial terms and will not be prejudicial to the interests of the Company and the minority shareholders of the Company and in accordance with the guidelines and procedures as set out in the Appendix and that such approval (the "Shareholders' Mandate") shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate."

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

BY ORDER OF THE BOARD

Chia Foon Yeow
Company Secretary
Singapore
29 March 2018

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

(1) Mr Tham Hock Chee will, upon re-election as Director of the Company, remain as a member of the Audit Committee and Remuneration Committee, and Chairman of the Nominating Committee. The Board considers Mr Tham Hock Chee to be independent for the purpose of Rule 704(8) of SGX listing manual.

Mr Xiong Wei will, upon re-election as Director of the Company, remain as a member of the Audit Committee, Nominating Committee and Remuneration Committee. The Board considers Mr Xiong Wei to be independent for the purpose of Rule 704(8) of SGX listing manual.

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

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

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 depositing the duly completed Depositor Proxy Form at the office of the Company's Singapore Share Transfer Agent, Tricor Barbinder Share Registration Services, either by hand at 80 Robinson Road, #11-02, Singapore 068898 or by post at 80 Robinson Road, #02-00, Singapore 068898 not less than 48 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 depositing the duly completed Shareholder Proxy Form at the office of the Company's Singapore Share Transfer Agent, Tricor Barbinder Share Registration Services, either by hand at 80 Robinson Road, #11-02, Singapore 068898 or by post at 80 Robinson Road, #02-00, Singapore 068898 not less than 48 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.

APPENDIX

Appendix

29 March 2018

This Appendix is circulated to Shareholders of Ouhua Energy Holdings Limited (“the Company”) together with the Company’s annual report. Its purpose is to explain to Shareholders the rationale and provide information to Shareholders for the proposed renewal of the Shareholders’ Mandate (as defined in this Appendix) to be tabled at the Annual General Meeting of the Company to be held at Level 5, Peninsula Excelsior Hotel, 5 Coleman Street, Singapore 179805, on Friday, 20 April 2018 at 10 a.m.

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

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

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

OUHUA ENERGY HOLDINGS LIMITED

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

APPENDIX

IN RELATON TO

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

APPENDIX

DEFINITIONS

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

Group Companies

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

Other Companies and Organisations

"CDP"	:	The Central Depository (Pte) Limited
"Huafeng Group"	:	潮州市华丰集团有限公司 (Chaozhou Huafeng (Group) Ltd)
"Huafeng Incorporation"	:	潮州市华丰集团股份有限公司 (Chaozhou Huafeng (Group) Incorporation Ltd)
"Huafeng Refining"	:	潮州市华丰造气厂有限公司 (Chaozhou Huafeng Refining Co., Ltd.)
"Huafeng Storage"	:	潮州市华丰石油产品仓储有限公司 (Chaozhou Huafeng Petroleum and Warehouse Co., Ltd.)
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Zhongkai Huafeng"	:	潮州市中凯华丰能源连锁配送有限公司 (Chaozhou Zhongkai Huafeng Energy Retail Chain Co., Ltd.)

General

"Act" or "Companies Act"	:	Companies Act (Chapter 50) of Singapore
"AGM"	:	Annual General Meeting
"Associate"	:	(a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:- (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;

APPENDIX

(b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more

"Audit Committee"	:	The audit committee of our Company
"Bye-laws"	:	The bye-laws of our Company, as amended, supplemented or modified from time to time
"Directors"	:	The directors of our Company
"Latest Practicable Date"	:	7 March 2018, being the latest practicable date prior to the printing of this Appendix
"Listing Manual"	:	The Listing Manual of the SGX-ST
"PRC"	:	People's Republic of China, excluding Taiwan, the Macau Special Administrative Region of the People's Republic of China and the Hong Kong Special Administrative Region of the People's Republic of China, for the purpose of this Prospectus and for geographical reference only
"Shares"	:	Ordinary shares of US$0.05 each in the capital of our Company
"Shareholders"	:	Registered holders of Shares, except where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares mean the Depositors whose Securities Accounts are credited with Shares

Currencies, Units and Others

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

The terms "Depositor", "Depository Agent" and "Depository Register" shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

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

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

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

APPENDIX

1. INTRODUCTION

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

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

Under Chapter 9 of the Listing Manual, a listed company may seek a general mandate from its Shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations, which may be carried out with the listed company's interested persons, but not for the purchase or sale of assets, undertakings or businesses.

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

2. RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

2.1 Categories of Interested Persons

The Shareholders' Mandate will apply to our Group's transactions with Huafeng Incorporation, Huafeng Group, Huafeng Storage and Zhongkai Huafeng.

<u>Huafeng Group</u>

Huafeng Group is a company incorporated in the PRC and is primarily engaged in investment holding. Liang Guo Zhan, our Executive Chairman, owns 79.0% of Huafeng Group while Wang Hua Zhu, our Substantial Shareholder and mother of Liang Guo Zhan, and Guo Shao Kai, own 20.0% and 1.0% of Huafeng Group respectively.

<u>Huafeng Incorporation</u>

Huafeng Incorporation is a company incorporated in the PRC and is primarily engaged in investment holding and the distribution of LPG to end-users through its LPG retail stations in the PRC. Huafeng Group owns 94.4% of Huafeng Incorporation while the remaining shareholders are Huafeng Group's union (a body representing the employees of Huafeng Group) holding 3.5% and Associates of Liang Guo Zhan holding 2.1%.

<u>Huafeng Storage</u>

Huafeng Storage is a company incorporated in the PRC and is primarily engaged in the storage of petroleum and related products in the PRC. Huafeng Incorporation owns 75.0% of Huafeng Storage while Hongkong Huaye (a company which is 70.0% owned by Liang Ya Ling, a sister of Liang Guo Zhan) owns the remaining 25.0%.

<u>Zhongkai Huafeng</u>

Zhongkai Huafeng is a company incorporated in the PRC and is primarily engaged in the packaging and distribution of LPG to end-users through its LPG retail stations in the PRC. Huafeng Incorporation owns 90.0% of Zhongkai Huafeng while Wang Hua Zhu owns the remaining 10.0%.

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

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

(i) Use of liquefied petroleum gas ("LPG") storage facilities

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

(ii) Sale of LPG

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

(iii) Lease of LPG transportation vehicles

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

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

2.3 Rationale for and benefits of the Shareholders' Mandate

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

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

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

APPENDIX

2.4 Guidelines and Review Procedures under Shareholders' Mandate

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. AUDIT COMMITTEE'S STATEMENT

(i) The Audit Committee (currently comprising Mr Gerald Yeo @ Yeo Ah Khe, Mr Tham Hock Chee and Mr Xiong Wei) has reviewed the terms of the Shareholders' Mandate and confirms that the method and procedures for determining the transaction prices under the Shareholders' Mandate have not changed since the last Shareholders' approval which took place on 15 June 2017 and that such methods are procedures are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of our Company and our minority Shareholders.

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

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

APPENDIX

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and Substantial Shareholders in Shares as at the Latest Practicable Date are set out below:-

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Directors				
Liang Guo Zhan[(1), (2)]	100	nm[(3)]	220,914,000	57.64
Ye Tian Shun	–	–	–	–
Gerald Yeo @ Yeo Ah Khe	150,000	nm[(3)]	–	–
Tham Hock Chee	–	–	–	–
Xiong Wei	–	–	–	–
Substantial Shareholders				
High Tree Worldwide Ltd.[(1)]	220,914,000	57.64	–	–
Wang Hua Zhu[(2)]	21,880,000	5.71	–	–

Notes:-

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

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

(3) Not meaningful.

High Tree Worldwide Ltd. and Ms Wang Hua Zhu will abstain, and have undertaken to ensure that its associates will abstain, from voting at the forthcoming AGM on the Ordinary Resolution relating to the renewal of the Shareholders' Mandate.

5. DIRECTORS' RECOMMENDATION

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

6. ANNUAL GENERAL MEETING

The AGM, notice of which is set out in the Annual Report 2017 of the Company, will be held on Friday, 20 April 2018 at 10 a.m. at Level 5, Peninsula Excelsior Hotel, 5 Coleman Street, Singapore 179805, for the purpose of considering and, if thought fit, passing with or without any modifications, the Ordinary Resolution relating to the renewal of the Shareholders' Mandate at the AGM as set out in the Notice of AGM.

APPENDIX

7. ACTION TO BE TAKEN BY SHAREHOLDERS

To allow persons whose names are listed in the Depository Register maintained by CDP to attend the AGM, pursuant to Bye-law 85(B) of the Bye-laws, CDP will appoint each of the Depositors and, in relation to each of the Depositors, in respect of such number of shares of the Company set out opposite their respective names in the Depository Register as at 18 April 2018 (the "Cut Off Date"), as its proxy/proxies to attend and vote at the AGM. Accordingly, an individual Depositor who wishes to attend and vote in person at the AGM can do so without having to submit the proxy form issued to Depositors ("Depositor Proxy Form") together with the Notice of AGM.

If an individual Depositor wishes to appoint person(s) other than himself to attend and vote at the AGM in his stead, the Depositor should complete and submit the Depositor Proxy Form despatched with the Annual Report in accordance with the instructions printed thereon. A Depositor who is a corporation and who wishes to attend the AGM must submit the Depositor Proxy Form for the appointment of person(s) to attend and vote at the AGM on its behalf.

If a Shareholder, who is not a Depositor, is unable to attend the AGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete and submit the proxy form despatched to Shareholders who are not Depositors ("Shareholder Proxy Form") together with the Annual Report in accordance with the instructions printed thereon.

To be valid and effective, the Depositor Proxy Form and/or the Shareholder Proxy Form must be deposited at the office of the Company's Singapore Share Transfer Agent, Tricor Barbinder Share Registration Services, either by hand at 80 Robinson Road #11-02 Singapore 068898 or by post to 80 Robinson Road #02-00, Singapore 068898 not less than 48 hours before the time appointed for holding the AGM.

8. DIRECTORS' RESPONSIBILITY STATEMENT

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

Where information in the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Appendix in its proper form and context.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Liang Guo Zhan (Executive Chairman)
Ye Tian Shun (Executive Director)
Gerald Yeo (Lead Independent Director)
Tham Hock Chee (Independent Director)
Xiong Wei (Independent Director)

BERMUDA RESIDENT REPRESENTATIVE

Appleby Services (Bermuda) Ltd.
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

COMPANY SECRETARY

Chia Foon Yeow

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM12
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

Appleby Management (Bermuda) Ltd.
Canon's Court, 22 Victoria Street
Hamilton HM12
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

Marzars LLP
Public Accountants and Certified Public Accountants
135 Cecil Street #10-01
MYP Plaza
Singapore 069536
Partner-in-charge: Lai Keng Wei
(Appointed with effect since financial year
ended 31 December 2014)

PRINCIPAL BANKERS

China Merchants Bank
Shenzhen Branch
29 Longxiang Road
Longgang Centre Area, Labour Building
Shenzhen, Guangdong Province
The People's Republic of China

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

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

Industrial and Commercial Bank of China
Chaozhou Branch
Chaozhou Road
Chaozhou City, Guangdong Province
The People's Republic of China

OUHUA ENERGY HOLDINGS LIMITED

Long Wan Suo Cheng Town, Raoping County,
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