

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

Condensed Interim Financial Statements
For the Six Months Ended 30 June 2021

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

	<u>Note</u>	Group		% change
		Six months ended		
		30 June 2021	30 June 2020	
		RMB'000	RMB'000	
Revenue	4	1,656,935	1,048,846	58.0
Cost of sales		<u>(1,614,177)</u>	<u>(1,054,039)</u>	53.1
Gross profit		42,758	(5,193)	N.M.
Other operating income	5	9,044	3,395	166.4
Selling and distribution expenses		(16,332)	(15,353)	6.4
Administrative expenses		(6,433)	(6,524)	(1.4)
Other operating expenses		(8,934)	(4,195)	113.0
Profit/(loss) from operations before interest		20,102	(27,870)	N.M.
Finance costs	7	<u>(6,697)</u>	<u>(8,232)</u>	(18.6)
Profit/(loss) before income tax	8	13,405	(36,102)	N.M.
Income tax	10	<u>(3,558)</u>	<u>-</u>	N.M.
Net profit/(loss) for the financial period		<u>9,847</u>	<u>(36,102)</u>	N.M.
Other comprehensive income				
Foreign currency translation differences		<u>(447)</u>	<u>(54)</u>	730.9
Total comprehensive income/(loss) for the financial period		<u>9,400</u>	<u>(36,156)</u>	N.M.
Earnings per share attributable to owners of the Company (RMB fen per share)				
Basic and diluted	11	<u>2.57</u>	<u>(9.42)</u>	N.M.

“N.M.” – Not Meaningful

The accompanying notes form an integral part of the financial statements

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

		<u>Group</u>		<u>Company</u>	
	<u>Note</u>	<u>As at 30 Jun</u> <u>2021</u> RMB'000	<u>As at 31 Dec</u> <u>2020</u> RMB'000	<u>As at 30 Jun</u> <u>2021</u> RMB'000	<u>As at 31</u> <u>Dec 2020</u> RMB'000
Non-current assets					
Property, plant and equipment	13	128,694	140,132	-	2
Investment in subsidiaries		-	-	156,277	156,277
Total non-current assets		<u>128,694</u>	<u>140,132</u>	<u>156,277</u>	<u>156,279</u>
Current assets					
Inventories	15	133,992	35,970	-	-
Trade and other receivables	16	240,165	184,942	98	-
Due from a related party	17	66,631	62,937	68	68
Derivative financial assets	18	-	2,541	-	-
Margin deposits	19	11,334	1,603	10,938	-
Pledged fixed deposits	20	31,016	2,924	-	-
Cash and cash equivalents	21	36,161	201,454	465	11,382
Total current assets		<u>519,298</u>	<u>492,371</u>	<u>11,569</u>	<u>11,450</u>
Total assets		<u>647,992</u>	<u>632,503</u>	<u>167,846</u>	<u>167,729</u>
Current liabilities					
Trade and other payables	22	176,246	129,246	3,863	3,570
Due to related parties	17	8,531	7,667	3,491	4,266
Due to a subsidiary		-	-	35,985	34,744
Due to holding company		1,615	1,631	1,615	1,631
Bank borrowings	23	213,929	242,350	-	-
Lease liabilities-current	24	9,288	14,942	-	-
Income tax payable		5,107	5,555	-	-
Total current liabilities		<u>414,715</u>	<u>401,391</u>	<u>44,954</u>	<u>44,211</u>
Non-current liabilities					
Long-term loans	23	-	10,000	-	-
Lease liabilities-non-current	24	16,648	13,882	-	-
Total non-current liabilities		<u>16,648</u>	<u>23,882</u>	<u>-</u>	<u>-</u>
Total liabilities		<u>431,363</u>	<u>425,273</u>	<u>44,954</u>	<u>44,211</u>
Net assets		<u>216,630</u>	<u>207,230</u>	<u>122,892</u>	<u>123,518</u>
Issued capital and reserves attributable to owners of the Company					
Share capital	25	149,488	149,488	149,488	149,488
Share premium	26	130,298	130,298	130,298	130,298
Statutory reserve	27	15,662	15,662	-	-
Foreign currency translation reserve	28	3,344	3,791	(696)	5,696
Accumulated losses		(82,163)	(92,009)	(156,199)	(161,964)
Total equity		<u>216,630</u>	<u>207,230</u>	<u>122,892</u>	<u>123,518</u>

The accompanying notes form an integral part of the financial statements

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

<u>Group</u>	Share <u>capital</u> RMB'000	Share <u>premium</u> RMB'000	Statutory <u>reserve</u> RMB'000	Foreign exchange translation <u>reserve</u> RMB'000	Accumulated <u>losses</u> RMB'000	Total <u>equity</u> RMB'000
Balance at 1 January 2021	149,488	130,298	15,662	3,791	(92,009)	207,230
Profit for the financial period	-	-	-	-	9,847	9,847
<i>Other comprehensive income:</i>						
Exchange differences on translating foreign operations	-	-	-	(447)	-	(447)
Total comprehensive (loss)/ income for the financial period the financial period	-	-	-	(447)	9,847	9,400
Balance at 30 June 2021	<u>149,488</u>	<u>130,298</u>	<u>15,662</u>	<u>3,344</u>	<u>(82,162)</u>	<u>216,630</u>
Balance at 1 January 2020	149,488	130,298	15,662	3,943	(102,590)	196,801
Profit for the financial period	-	-	-	-	(36,103)	(36,103)
<i>Other comprehensive loss:</i>						
Exchange differences on translating foreign operations	-	-	-	(52)	-	(52)
Total comprehensive (loss)/income for the financial period	-	-	-	(52)	(36,103)	(36,155)
Balance at 30 June 2020	<u>149,488</u>	<u>130,298</u>	<u>15,662</u>	<u>3,891</u>	<u>(138,693)</u>	<u>160,646</u>

The accompanying notes form an integral part of the financial statements

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

<u>Company</u>	Share	Share	Statutory	Foreign exchange translation	Accumulated	Total
	<u>capital</u> RMB'000	<u>premium</u> RMB'000	<u>reserve</u> RMB'000	<u>reserve</u> RMB'000	<u>losses</u> RMB'000	<u>equity</u> RMB'000
Balance at 1 January 2021	149,488	130,298	-	5,696	(161,964)	123,518
Profit for the financial period	-	-	-	-	5,765	5,765
<i>Other comprehensive income:</i>						
Exchange differences on translating foreign operations	-	-	-	(6,391)	-	(6,391)
Total comprehensive (loss)/income for the financial period	-	-	-	(6,391)	5,765	(626)
Balance at 30 June 2021	<u>149,488</u>	<u>130,298</u>	<u>-</u>	<u>(696)</u>	<u>(156,199)</u>	<u>122,892</u>
Balance at 1 January 2020	149,488	130,298	-	3,943	(162,583)	121,146
Loss for the financial period	-	-	-	-	647	647
<i>Other comprehensive loss:</i>						
Exchange differences on translating foreign operations	-	-	-	(54)	-	(54)
Total comprehensive (loss)/income for the financial period				(54)	647	593
Balance at 30 June 2020	<u>149,488</u>	<u>130,298</u>	<u>-</u>	<u>3,889</u>	<u>(161,936)</u>	<u>121,740</u>

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

	Note	Six months ended	
		30 June 2021 RMB'000	30 June 2020 RMB'000
Cash flows from operating activities			
Profit/(Loss) before income tax		9,847	(36,102)
Adjustments for:			
Depreciation of property, plant and equipment	13	20,873	15,310
Interest income	5	(280)	(283)
Interest expense	7	6,697	5,701
Loss on disposal of property, plant & equipment	8	76	-
Operating profit before working capital changes		38,957	(15,375)
Working capital changes:			
Inventories		(97,223)	16,586
Trade and other receivables		(55,223)	9,804
Due from related parties		(3,694)	1,002
Trade and other payables		46,551	(229,760)
Due from/(to) related parties		864	-
Margin deposits		(9,731)	(6,109)
Cash used in operations		(79,498)	(223,852)
Interest received		280	283
Interest paid		(6,697)	(448)
Net cash used in operating activities		(85,916)	(224,017)
Cash flows from investing activity			
Acquisition of property, plant and equipment representing cash flows used in investing activity		(9,511)	(1,783)
Cash flows from financing activities			
Increase in pledged fixed deposits		(28,092)	9,995
Repayment (to)/from related parties		-	247
Proceeds from bank borrowings		55,250	195,219
Repayment of bank borrowings		(93,671)	(38,856)
Repayment of lease liabilities		(2,888)	(5,357)
Net cash (used in)/generated from financing activities		(69,400)	161,247
Net decrease in cash and cash equivalents		(164,827)	(64,553)
Cash and cash equivalents at beginning of the financial period		201,454	71,339
Effect of foreign exchange rate change in cash and cash equivalent		(464)	(248)
Cash and cash equivalents at end of the financial period		36,161	6,538

The accompanying notes form an integral part of the financial statements

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

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

1. General

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

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

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

The particulars of the subsidiaries are set out in Note 14 to the financial information.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial information has been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”), including related Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

The financial information does not contain all the information required for full annual financial statements. The financial statements of the Group and the statement of financial position of the Company are presented in Chinese Renminbi (“RMB”), which is the presentation currency of the Group. The functional currency of the Company is United States dollar. As the Group mainly operates in PRC, RMB is used as the presentation currency of the Group and the Company. All financial information presented in RMB has been recorded to the nearest thousand (RMB’000) unless stated otherwise.

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

2.2 Use of judgements and estimates

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

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

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

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

2. Summary of significant accounting policies

2.3 Changes in accounting policies

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

New standards and amendments adopted by the Group

During the current financial period, the Group and the Company have adopted the following amendments to IFRSs which took effect from financial year beginning 1 January 2021:

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

The adoption of the above amendments to IFRS(s) is assessed to have no material financial effect on the results and financial position of the Group and of the Company for the year ending 31 December 2021. Accordingly, it has no material impact on the earnings per share of the Group and of the Company.

3. Seasonal operations

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

4. Revenue

	Group	
	6 months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Sale of goods		
- Liquefied petroleum gas ("LPG")	1,426,681	1,046,247
- Propane ("C3")	102,733	2,599
- Butane ("C4")	127,521	-
	1,656,935	1,048,846

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

	LPG		C3		C4		Total	
	1H 2021	1H 2020	1H 2021	1H 2020	1H 2021	1H 2020	1H 2021	1H 2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Geographical markets*								
PRC	1,426,681	1,046,247	-	-	-	-	1,426,681	1,046,247
Asia Pacific	-	-	102,733	2,599	127,521	-	230,254	2,599
	1,426,681	1,046,247	102,733	2,599	127,521	-	1,656,935	1,048,846

* The disaggregation is based on the location of customers from which revenue was generated.

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

4. Revenue

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

Contract balances

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

	Group	
	6 months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Contract liabilities (Note 22)	(39,639)	(58,585)

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

	Group	
	6 months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	58,585	33,469
Increases due to cash received, excluding amounts recognized as revenue during the year	(39,639)	(58,585)

5. Other operating income

	Group	
	6 months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Tug boat service	2,039	2,039
Interest income from fixed deposits	280	283
Vessel rental income	3,384	610
Subsidies from government*	1,009	-
Foreign exchange gain - net	1,737	6
Warehouse handling fee income [#]	419	-
Others	176	458
	9,044	3,395

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

[#] On 6 July 2020, the Group was designated as one of the designated delivery warehouses for LPG by Dalian Commodity Exchange ("DCE"). Warehouse handling fee income pertains to the storage charges at DCE standardised rate.

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

6. Other operating expenses

	Group	
	6 months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Bank charges	4,421	1,432
Depreciation of vessel (Note 13)	2,622	2,622
Fair value loss on financial assets at fair value through profit or loss	1,743	-
Others	148	141
	<u>8,934</u>	<u>4,195</u>

7. Finance costs

	Group	
	6 months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Interest expenses on bank borrowings	5,283	5,701
Interest expenses on leases	1,414	2,531
	<u>6,697</u>	<u>8,232</u>

8. Profit before income tax expense

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

	Group	
	6 months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Audit fees paid to auditors		
- Auditors of the Company	244	244
- Other auditors	-	-
Depreciation of property, plant and equipment (Note 13)	20,873	15,310
Employee benefit costs (Note 9)	7,417	6,605
Marine freight	20,521	11,411
Loss on disposal of property, plant and equipment	76	-
	<u>76</u>	<u>-</u>

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

9. Employee benefits costs

	Group	
	6 months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Salaries, bonuses and allowances	6,213	5,733
Other staff benefits	438	593
Contribution to retirement benefits schemes	766	279
	<u>7,417</u>	<u>6,605</u>

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

10. Income tax expense

	Group	
	6 months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Current income tax expense	3,588	-
Reconciliation of effective tax rate is as follows:		
Profit before income tax expense	13,405	(36,103)
Tax calculated at applicable PRC tax rate of 25% (2020: 25%)	3,351	(9,026)
Tax effect of non-taxable items	-	
Tax effect of non-deductible items	207	
Deferred tax asset not recognised	-	9,026
	<u>3,558</u>	<u>-</u>

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

Tax laws affecting a subsidiary

a. Foreign investment enterprises income tax rate

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

b. Withholding tax on dividends

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

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

11. Earnings per share

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

	Group	
	6 months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Profit attributed to equity holders (RMB'000)	9,847	(36,103)
Weighted average number of ordinary shares ('000)	383,288	383,288
Basic and diluted earnings per share (RMB fen)	2.57	(9.42)

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

There is no dilutive potential ordinary share at 30 June 2021 and 30 June 2020.

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

	Group		Company	
	As at 30 June 2021	As at 31 December 2020	As at 30 June 2021	As at 31 December 2020
NAV per share (RMB cents)	56.52	54.07	32.06	32.23

Net asset value per ordinary share is calculated using the Group's and the Company's net asset values, as at the end of the respective financial period divided by the number of shares in issue (excluding treasury shares) of 383,288,000 ordinary shares as at 30 June 2021 and 31 December 2020, respectively.

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

13. Property, plant and equipment

Group	Buildings and storage	Vessel	Plant and machinery	Motor vehicles	Office equipment	Leasehold improvements	Right-of-use	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost								
Balance at 1 January 2021	184,288	115,000	18,714	5,158	2,790	14,938	39,447	380,335
Additions	19			7	151.61	1,184	8,228	9,589
Written off	-	-	-	(1,517)	(9)	-		(1,526)
Balance at 30 June 2021	184,307	115,000	18,714	3,647	2,933	16,122	47,675	388,398
Accumulated depreciation								0
Balance at 1 January 2021	136,481	50,648	18,330	3,119	2,194	12,773	11,682	235,227
Charged for the financial year	3,602	2,622	353	130	280	1,690	12,196	20,873
Written off	-	-	-	(1,366)	(6)			(1,372)
Balance at 30 June 2021	140,083	53,270	18,683	1,883	2,468	14,463	23,878	254,728
Accumulated impairment losses								0
Balance as at 1 January and 30 June 2021	0	4,976						4,976
Carrying amount								
At 30 June 2021	44,224	56,754	31	1,764	465	1,659	23,797	128,694

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

13. Property, plant and equipment (Continued)

Group	Buildings and storage	Vessel	Plant and machinery	Motor vehicles	Office equipment	Leasehold improvements	Right-of-use	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost								
Balance at 1 January 2020	184,174	115,000	18,665	4,397	2,380	13,910	37,007	375,533
Additions	114	-	49	885	410	1,028	15,319	17,805
Written off	-	-	-	(124)	-	-	(12,879)	(13,003)
Balance at 31 December 2020	184,28	115,000	18,714	5,158	2,790	14,938	39,447	380,335
Accumulated depreciation								
Balance at 1 January 2020	128,871	45,403	18,013	2,779	1,833	10,026	9,988	216,913
Charged for the financial year	7,610	5,245	317	451	361	2,747	14,573	31,304
Written off	-	-	-	(111)	-	-	(12,879)	(12,990)
Balance at 31 December 2020	136,481	50,648	18,330	3,119	2,194	12,773	11,682	235,227
Accumulated impairment losses								
Balance as at 1 January / 31 December 2020	-	4,976	-	-	-	-	-	4,976
Carrying amount								
At 31 December 2020	47,807	59,376	384	2,039	596	2,165	27,765	140,132

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

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

14. Investments in subsidiaries

	Company	
	6 months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Unquoted equity investment, at cost	221,417	221,417
Less: Allowance for impairment	(65,140)	(65,140)
	156,277	156,277

Details of the subsidiaries are as follow:

Name of subsidiary/ (Principal place of business)	Registered capital	Effective equity held by the Group		Principal activities
		2021	2020	
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

15. Inventories

	Group	
	As at 30 June 2021	As at 31 December 2020
	RMB'000	RMB'000
Raw materials	132,443	35,385
Finished goods	1,549	585
	133,992	35,970

Cost of inventories recognized in cost of sales amounted to approximately RMB 1,604,553,000 (2020: RMB 1,055,355,000) during the financial period.

The increase of inventories is due to build up of LPG stock on more favorable term in anticipation of price increases in upcoming months.

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

16. Trade and other receivables

	Group	
	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Trade receivables – third parties	24,529	30,026
Less: loss allowance	(899)	(899)
	<hr/>	<hr/>
Prepayments	23,630	29,127
Advances to suppliers	853	1,185
Deposit paid	171,894	113,778
Others	42,778	35,170
Less: loss allowance	1,378	6,050
	(368)	(368)
	<hr/>	<hr/>
	240,165	184,942
	<hr/>	<hr/>

Trade receivables from third parties, arising from the Group's contract with its customers, are non- interest bearing and are generally on credit term of 10 days (2020: 10 days). They are recognised at their original invoice amounts which represents their fair values on initial recognition.

Advances to suppliers increased for the purpose to fix LPG price in upcoming months through down payments being made to our suppliers.

Deposit paid pertains to security deposit to DCE for registration of warehouse receipts.

Expected credit loss (ECL) assessment

The Group uses an allowance matrix to measure ECL for trade receivables. The ECL rates are based on the Group's historical loss experience of the customers, for the last 3 years prior to the reporting date for various customer groups that are assessed by geographical locations, product types and internal ratings, adjusted for forward looking factors, including their best estimate of the impact of COVID-19, specific to the debtors and the economic environment which could affect the ability of the debtors to settle the trade receivables. In considering the impact of the economic environment on the ECL rates, the Group assesses, for example, the gross domestic production growth rates of the countries and the growth rates of the major industries in which its customers operate. The Group adjusts the allowance matrix at each reporting date. Such estimation of the ECL rates may not be representative of the actual default in the future. The expected loss allowance on the Group's trade receivables as at 30 June 2021 is RMB 899,000 (2020: RMB 899,000).

17. Due from/to related parties

	Group		Company	
	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Due from a related party				-
Trade	63,889	62,195	-	
Non-trade	2,742	742	68	68
	<hr/>	<hr/>	<hr/>	<hr/>
	66,631	62,937	68	68
	<hr/>	<hr/>	<hr/>	<hr/>

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

17. Due from/to related parties

	Group		Company	
	As at 30 June 2021	As at 31 December 2020	As at 30 June 2021	As at 31 December 2020
	RMB'000	RMB'000	RMB'000	RMB'000
Due to related parties				
Non-trade	8,531	7,667	3,491	4,266

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

18. Derivative financial instruments

	Group	
	As at 30 June 2021	As at 31 December 2020
	RMB'000	RMB'000
Derivatives contracts		
Commodity physical derivative instruments	-	1,522
Commodity paper derivative instruments	-	1,019
	-	2,541

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

19. Margin deposits

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

The carrying amounts of margin deposits approximate their fair values.

20. Pledged fixed deposits

Fixed deposits at the end of the financial year have an average period of 3 months (2020: 3 months) from the end of the financial year.

Fixed deposits are pledged with financial institutions as security for banking facilities granted to the Group. The effective interest rate for those fixed deposits is at 0.30% (2020: 0.30%) per annum. The carrying amounts of pledged fixed deposits approximate their fair values.

OUHUA ENERGY HOLDINGS LIMITED AND ITS SUBSIDIARIES
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21. Cash and cash equivalents

	Group		Company	
	As at 30 June 2021	As at 31 December 2020	As at 30 June 2021	As at 31 December 2020
	RMB'000	RMB'000	RMB'000	RMB'000
Cash balances	158	890	-	-
Bank balances	36,003	200,564	465	11,382
	36, 161	201,454	465	11,382

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

As at 30 June 2021, the Group has cash and cash equivalents placed with banks in the PRC amounting to RMB 35,468,000 (2020: RMB 191,606,000). The repatriation of the cash into Singapore is subject to the Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations in the PRC.

22. Trade and other payables

	Group		Company	
	As at 30 June 2021	As at 31 December 2020	As at 30 June 2021	As at 31 December 2020
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	115,541	29,442	-	-
Accrued expenses	3,940	7,445	1,445	1,128
Interest payable	246	463	-	-
Value added tax payable, net	6,870	12,719	-	-
Contract liabilities	39,639	58,585	-	-
Due to a director	-	2,422	2,398	2,422
Deposit received	-	13,939	-	-
Others	10,010	4,231	20	20
	176,246	129,246	3,863	3,570

Trade payables are non-interest bearing and are normally settled on 30 days (2020: 30 days) terms while other payables have an average term of 10 days (2020: 10 days). The increase in Trade payables results from the undue payables following the big-bulk purchasing of LPG in recent months.

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

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

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

Due to a subsidiary and holding company

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

OUHUA ENERGY HOLDINGS LIMITED AND ITS SUBSIDIARIES
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23. Bank borrowings

	Group	
	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Trust receipts	43,929	72,850
Bank loan A	150,000	150,000
Bank loan B	20,000	29,500
	213,929	252,350
Less:		
Amount due for settlement within 12 months (shown under current liabilities)	(213,929)	(242,350)
Amount due for settlement after 12 months (shown under non-current liabilities)	-	10,000
	-	-

Trust receipts were secured by pledged fixed deposits (Note 20) and corporate guarantees from related parties and personal guarantee by a director.

The average effective borrowing rates for trust receipts range between 4.00% (2020: 4.00%) and 4.50% (2020: 6.00%).

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

- a) Bank loan A relates to Renminbi denominated bank loan that is secured by pledged fixed deposits (Note 20) and corporate guarantees from related parties and personal guarantee by a director. The effective interest rate of the bank loan at the reporting date is 4.35% (2020: 4.35%) per annum.
- b) Bank loan B relates to unsecured Renminbi denominated bank loan and is repayable in 4 tranches. Repayment commences on 21 December 2020 and in instalments with final instalment on 23 January 2022. The effective interest rate of the bank loan at the reporting date is 6% (2020: 6%) per annum.

The carrying amounts of bank borrowings approximate their fair values.

24. The Group as a lessee

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

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

Extension options

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

OUHUA ENERGY HOLDINGS LIMITED AND ITS SUBSIDIARIES
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24(a) Right-of-use assets

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

	Office premises and land	Port terminals	Vessel	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Group				
At 1 January 2020	3,087	18,082	5,850	27,019
Additions	2,839	-	12,480	15,319
Depreciation	(1,253)	(4,351)	(8,969)	(14,573)
At 31 December 2020	4,673	13,731	9,361	27,765
Additions	-	-	8,228	8,228
Depreciation	(639)	(2,175)	(9,382)	(12,196)
At 30 June 2021	4,034	11,556	8,207	23,797

The total cash outflow for leases during the financial period ended 30 June 2021 is RMB12,911,000 (2020: RMB15,872,000).

24(b) Lease liabilities

	Group	
	As at 30 June 2021	As at 31 December 2020
	RMB'000	RMB'000
Lease liabilities- non-current	16,648	13,882
Lease liabilities - current	9,288	14,942
	<u>25,936</u>	<u>28,824</u>

24(c) Amounts recognised in profit or loss

	Group	
	As at 30 June 2021	As at 31 December 2020
	RMB'000	RMB'000
Interest expense on lease liabilities	1,414	1,613
Expense relating to short-term leases	4,779	3,540
	<u>6,193</u>	<u>5,153</u>

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25. Share capital

	Group		Company	
	As at 30 June 2021	As at 31 December 2020	As at 30 June 2021	As at 31 December 2020
	RMB'000	RMB'000	RMB'000	RMB'000
Authorised (USD0.05 each)	1,000,000	1,000,000	390,000	390,000
Issued and fully paid	383,288	383,288	149,488	149,488

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

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

26. Share premium

	Group and Company			
	As at 30 June 2021	As at 30 June 2020	As at 31 December 2021	As at 31 December 2020
	US\$'000	RMB'000	RMB'000	RMB'000
Authorised (USD0.05 each)	1,000,000	1,000,000	390,000	390,000
Share premium	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.

27. Statutory reserve

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

There is no movement in the Group's statutory reserve in financial year 2021 and 2020 as the Group's PRC subsidiary is in an accumulated loss position at the end of both financial years.

28. Foreign currency translation reserve

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

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

29. Significant related party transactions

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

- (a) Sale and purchases of goods and services

	Group	
	6 month ended 30 June	
	2021	2020
	RMB'000	RMB'000
Revenue		
Sale of LPG to a related party	62,196	57,823
Expenses		
Lease of port terminals, land use rights, office premises and staff dormitory paid to related parties	(2,870)	(2,871)
LPG transportation freight charges paid to related party	(2,127)	(3,429)

- (b) Compensation of key management personnel

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

	Group	
	6 month ended 30 June	
	2021	2020
	RMB'000	RMB'000
Directors' fees	232	210
Director's salaries	317	335
Post-employment benefits	20	9
	569	554

30. Financial assets and financial liabilities

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

	Group	
	6 month ended 30 June	
	2021	2020
	RMB'000	RMB'000
<i>Financial assets at fair value through profit or loss</i>		
Derivatives financial assets	-	2,541
<i>Financial assets at amortised cost</i>		
Trade receivables – third parties	23,399	29,127
Other receivables	44,755	40,852
Due from a related party	66,630	62,937
Margin deposits	10,938	1,603
Pledged fixed deposits	31,016	2,924
Cash and cash equivalents	36,557	201,454
	213,295	338,897

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

30(continued). Financial assets and financial liabilities

Financial liabilities at amortised cost

Trade payables	115,541	181,304
Other payables	14,196	12,718
Due to a related party	8,531	8,236
Due to a holding company	1,615	1,719
Bank borrowings	213,929	106,379
Lease liabilities	25,935	27,764
	<u>379,748</u>	<u>338,120</u>

Company

<u>30-Jun-21</u>	<u>31-Dec-20</u>
RMB'000	RMB'000

Financial assets at amortised cost

Cash and cash equivalents	465	11,382
Due from a related party	68	68
Margin deposits	<u>10,938</u>	-
	<u>11,471</u>	<u>11,450</u>

Financial liabilities at amortised cost

Trade and other payables	3,863	3,570
Due to related parties	3,491	4,266
Due to a subsidiary	35,985	34,744
Due to a holding company	<u>1,615</u>	<u>1,631</u>
	<u>44,954</u>	<u>44,211</u>

31.Subsequent events

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

Other Information Required by Listing Rule Appendix 7.2

OTHER INFORMATION

1. Review

The Condensed consolidated statements of financial position of OUHUA ENERGY HOLDINGS LIMITED and its subsidiaries as at 30 June 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Condensed interim consolidated statement of profit or loss and other comprehensive income

For Six months ended 30 June 2021 ("1H FY2021") vs Six months ended 30 June 2020 ("1H FY2020")

Revenue

Revenue increased by approximately 58% or RMB 608.1 million from RMB 1,048.8 million in 1H FY2020 to RMB 1,656.9 million in 1H FY2021 due to increase in the sales volume of Liquefied Petroleum Gas ("LPG") from 350,426 tons in 1H 2020 to 418,410 tons in 1H 2021 following the quick recovery of China's market, stipulated by a strong rebounding of LPG price from RMB 2,994 per tons in 1H FY2020 to RMB 3,971 per ton in 1H FY2021 at the same time.

Gross Profit

Gross profit increased by RMB 48.0 million or 28.3% from RMB (5.2 million) in 1H FY2020 to RMB 41.6 million 1H FY2021; Meanwhile, compared with negative margin in 1H FY2020, gross margin percentage in 1H FY2021 rose to 2.6%, reflecting the stable demand in recent domestic market.

Other operating income

Other operating income increase from RMB 3.3 million in 1H FY2020 to RMB 9.0 million in 1H FY2021. The increase of RMB 5.6 million or 166.4% was mainly attributable to an increase on shipping rental fee, foreign exchange gains and a subsidy from local government.

Operating expenses

The increase in operating expenses was mainly due to the following:

Selling and distribution expense

Selling and distribution expenses increased slightly by RMB 1.0 million or 6.4% from RMB 15.4 million in 1H FY2020 to RMB 16.3 million in 1H FY2021 due to an increase on manpower cost, tugboat charge and commission fee.

As a result of the above, the Group yields its profit attributable to equity holders of RMB 9.8 million in the first half of FY2021, compared with loss of RMB 36.1 million in the first half of FY2020.

Condensed interim statements of financial position

Non-current assets

Non-current assets decreased by RMB 11.4 million or 8.2% from RMB 140.1 million as of 31 December 2020 to RMB 128.7 million as at 30 June 2021 mainly due to depreciation of property, plant and equipment of RMB 20.9 million, partially offset by the acquisition of fixed assets amounting to 9.6 million,

2. Review of performance of the Group

Condensed interim statements of financial position

Current assets

Current assets increased by RMB 26.9 million or 5.5% from RMB 492.4 million as at 31 December 2020 to RMB 519.3 million as at 30 June 2021. This is mainly due to increase in inventories of RMB 98.0 million, trade and other receivables of RMB 55.2 million and pledged fixed deposits of RMB 39.0 million, partially offset by a decrease in cash and cash equivalents of RMB 166.5 million.

Current liabilities

Current liabilities increased by approximately RMB 13.3 million or 3.3% from RMB 401.4 million as at 31 December 2020 to RMB 414.7 million as at 30 June 2021. This is mainly due to increase in trade and other payables of RMB 47 million, partially offset by the decrease in bank borrowing of RMB 28.4 million.

Non-current liabilities

Non-current liabilities decreased by RMB 7.2 million due to reclassification of a bank loans of RMB 10.0 million which falls due within one year, partially offset by an increase on lease liabilities of RMB 2.8 million.

Condensed interim consolidated statement of cash flows

The Group reported cash and cash equivalents of RMB 36.2 million as at 30 June 2021. The net decrease of RMB 165.3 million from cash and cash equivalents in FY2020 arose from foreign exchange rate changes of RMB (0.5 million) on foreign currency cash balances and net cash outflow from operating, investing and financial activities of RMB 164.8 million in FY2021.

Net cash used in operating activities amounted to RMB 85.9 million mainly due to cash utilized in working capital contributed by increase in trade and other receivables of RMB 55.2 million and inventories of RMB 97.2 million, partially offset by the increase in trade and other payable of RMB 46.6 million.

Net cash used in investing activities amounted to RMB 9.5 million was due to purchase of property, plant and equipment.

Net cash used in financing activities amounted to RMB 69.4 million mainly due to the repayment in bank borrowings and lease liabilities, partially offset by the proceeds from bank borrowing.

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

Not applicable.

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

Per latest economic data released by PRC National Statistics Bureau, China has managed to maintain a relatively high growth rate in the first half of 2021, surging 12.7% on year-on-year basis. Covid-19 pandemic is seemingly under control for mainland China, with uncertainties of sporadic cases of outbreak being reported in some places. Trade in the carbon emission quota market has been launched from this July on. More and more fiscal and tax policies are expected to be introduced to promote green economy recovery and low-carbon development. We believe our LPG trade is well positioned to help achieve the goal of China's carbon emission peak and carbon neutrality.

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

Meanwhile, our group expects the recent global inflation is likely to continue, which drives oil price in worldwide market to reach much higher level in next twelve months. Ouhua may have to seek more price protection in our portfolios to soften the impact on commodities price risk and maintain our bottom line by purchasing LPG inventories in advance under favorable market condition. Ouhua will seek stable growth in South China market and improve its profitability by delivering green energy solution package to our customer and improving operational efficiency on continuous basis.

5. Dividend information

No interim dividend for the six months ended 30 June 2021 (30/6/2020: Nil) is recommended as the Group intends to conserve cash for operating activities.

6. Interested person transactions Not applicable

The Group has obtained a general mandate from shareholders of the Company for Interested Person Transactions.

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

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

BY ORDER OF THE BOARD

Liang Guo Zhan
Executive Chairman

Liang Yaling
Director

13 August 2021