

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

Condensed Financial Statements
For the six months ended 30 June 2023

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OUHUA ENERGY HOLDINGS LIMITED AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	<u>Note</u>	<u>Group</u>		<u>% change</u>
		<u>Six months ended 30 June</u>		
		<u>2023</u>	<u>2022</u>	
		<u>RMB'000</u>	<u>RMB'000</u>	
Revenue	4	1,729,217	2,354,285	(27%)
Cost of sales		<u>(1,705,441)</u>	<u>(2,279,140)</u>	(25%)
Gross profit		23,776	75,145	(68%)
Other operating income	5	4,203	4,967	(22%)
Selling and distribution expenses		(30,797)	(37,851)	(19%)
Administrative expenses		(8,589)	(6,965)	23%
Other operating expenses	6	<u>(7,451)</u>	<u>(18,727)</u>	(60%)
(Loss)/Profit from operations before interest		(18,858)	16,569	n.m
Finance costs	7	<u>(9,303)</u>	<u>(6,049)</u>	54%
(Loss)/Profit before income tax		(28,161)	10,520	n.m
Income tax	10	<u>-</u>	<u>(4,495)</u>	n.m
Net (loss)/profit for the financial period		(28,161)	6,025	n.m
Other comprehensive income				
Foreign currency translation differences		<u>(3,178)</u>	<u>1,249</u>	n.m
Total comprehensive (loss)/income for the financial period		<u>(31,339)</u>	<u>7,274</u>	n.m
(Loss)/Earnings per share attributable to owners of the Company (RMB fen per share)				
- Basic and diluted	11	<u>(7.35)</u>	<u>1.57</u>	n.m

n.m. – not meaningful

The accompanying notes form an integral part of the condensed financial statements

OUHUA ENERGY HOLDINGS LIMITED AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	Group		Company	
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
		As at 30 June 2023	As at 31 December 2022	As at 30 June 2023	As at 31 December 2022
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment	13	148,370	155,633	-	-
Investment in subsidiaries	14	-	-	284,277	284,277
Total non-current assets		148,370	155,633	284,277	284,277
Current assets					
Inventories	15	205,237	104,950	-	-
Trade and other receivables	16	417,035	305,862	55	-
Due from related parties	17	76,663	26,147	14,421	68
Derivative financial assets	18	-	6,260	-	-
Pledged fixed deposits	19	5,796	81,986	5,796	-
Cash and cash equivalents	20	41,192	131,848	10,006	6,457
Total current assets		745,923	657,053	30,278	6,525
Total assets		894,293	812,686	314,555	290,803
Current liabilities					
Trade and other payables	21	127,302	61,085	1,406	5,006
Due to related parties	17	77,258	9,101	7,389	3,763
Due to a subsidiary		-	-	-	37,992
Due to holding company		1,806	1,741	1,806	1,741
Bank borrowings	23	407,813	393,951	-	-
Lease liabilities-current	25	5,596	5,294	-	-
Income tax payable		-	23,003	-	-
Total current liabilities		619,775	494,175	10,601	48,502
Non-current liabilities					
Long-term loans	-	-	-	-	-
Deferred tax liabilities		2,116	2,186	-	-
Lease liabilities-non-current	25	15,099	27,683	-	-
Total non-current liabilities		17,215	29,869	-	-
Total liabilities		636,990	524,044	10,601	48,502
Net assets		257,303	288,642	303,954	242,300
Issued capital and reserves attributable to owners of the Company					
Share capital	26	149,488	149,488	149,488	149,488
Share premium	27	130,298	130,298	130,298	130,298
Statutory reserve	28	18,730	18,730	-	-
Foreign currency translation reserve	29	484	3,662	22,842	(40,719)
Accumulated losses		(41,697)	(13,536)	1,326	3,233
Total equity		257,303	288,642	303,954	242,300

The accompanying notes form an integral part of the condensed financial statements

OUHUA ENERGY HOLDINGS LIMITED AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	Share capital	Share premium	Statutory reserve	Foreign exchange translation	Accumulated losses	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2023	149,488	130,298	18,730	3,662	(13,536)	288,642
Net loss for the financial period	-	-	-	-	(28,161)	(28,161)
<i>Other comprehensive loss:</i>						
Exchange differences on translating foreign operations	-	-	-	(3,178)	-	(3,178)
Total comprehensive loss for the financial period	-	-	-	(3,178)	(28,161)	(31,339)
Balance at 30 June 2023	<u>149,488</u>	<u>130,298</u>	<u>18,730</u>	<u>484</u>	<u>(41,697)</u>	<u>257,303</u>
Balance at 1 January 2022	149,488	130,298	15,662	3,739	(58,973)	240,214
Net loss for the financial period	-	-	-	-	6,025	6,025
<i>Other comprehensive loss:</i>						
Exchange differences on translating foreign operations	-	-	-	1,249	-	1,249
Total comprehensive (loss)/income for the financial period	-	-	-	1,249	6,025	7,275
Balance at 30 June 2022	<u>149,488</u>	<u>130,298</u>	<u>15,662</u>	<u>4,988</u>	<u>(52,948)</u>	<u>247,488</u>

The accompanying notes form an integral part of the condensed financial statements

OUHUA ENERGY HOLDINGS LIMITED AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Cash flows from operating activities		
(Loss)/Profit before income tax	(28,161)	10,520
Adjustments for:		
Depreciation of property, plant and equipment	17,216	10,869
Interest income	(320)	(246)
Interest expense	9,303	6,049
Loss on disposal of property, plant and equipment	16	-
Fair value loss on financial assets at fair value through profit or loss	-	8,142
Operating (loss)/profit before working capital changes	(1,946)	35,334
Working capital changes:		
Inventories	(100,287)	(60,822)
Trade and other receivables	(111,173)	(76,099)
Due from a related party	(50,516)	55,002
Trade and other payables	66,217	(42,703)
Due to related parties	68,157	947
Derivative financial assets	6,260	(22,629)
Cash generated used in operations	(123,288)	(110,970)
Interest received	320	246
Income tax paid	(23,003)	(3,752)
Net cash used in operating activities	(145,971)	(114,476)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(9,974)	(8,892)
Proceeds from disposal of available-for-sales investments	6,242	156
Proceeds from disposal of property, plant and equipment	5	-
Purchase of short-term investments	(6,242)	(700)
Payments for financial assets at fair value through profit or loss	-	(8,142)
Net cash flows used in investing activities	(9,969)	(17,578)
Cash flows from financing activities		
Decrease in pledged fixed deposits	76,190	(57,114)
Proceeds from bank borrowings	698,259	147,674
Repayment of bank borrowings	(684,397)	(17,998)
Repayment of lease liabilities	(12,282)	(13,735)
Interest paid	(9,303)	(6,049)
Net cash generated from financing activities	68,467	52,778
Effect of foreign exchange rate change in cash and cash equivalent	3,183	1,333
Net decrease in cash and cash equivalents	(90,656)	(79,276)
Cash and cash equivalents at beginning of the financial period	131,848	143,853
Cash and cash equivalents at end of the financial period	41,192	65,910

The accompanying notes form an integral part of the condensed financial statements

OUHUA ENERGY HOLDINGS LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD 30 JUNE 2023

These notes form an integral part of and should be read in conjunction with the accompanying condensed 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 condensed financial statements of the Group and the statement of financial position of the Company are presented in Chinese Renminbi (“RMB”), which is the presentation currency of the Group. The functional currency of the Company is United States dollar. As the Group mainly operates in PRC, RMB is used as the presentation currency of the Group and the Company. All financial information presented in RMB has been recorded to the nearest thousand (RMB’000) unless stated otherwise.

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

2.2 Use of judgements and estimates

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

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the six months period ended 30 June 2023.

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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD 30 JUNE 2023

2. Summary of significant accounting policies(continued)

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)s is assessed to have no material financial effect on the results and financial position of the Group and of the Company for six months ended 30 June 2023. Accordingly, it has no material impact on the earnings per share of the Group and of the Company.

3. Seasonal operations

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

4. Revenue

	Group	
	6 months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Sale of goods		
- Liquefied petroleum gas ("LPG")	1,665,816	2,286,043
- Propane ("C3")	23,802	5,505
- Butane ("C4")	39,599	62,737
	<u>1,729,217</u>	<u>2,354,285</u>

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

	LPG		C3		C4		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Geographical markets								
PRC	1,665,816	2 286,043	8,236	5,505	12,080	62,737	1,686,132	2,354,285
Asia Pacific	-	-	15,566	-	27,519	-	43,085	-
	<u>1,665,816</u>	<u>2 286,043</u>	<u>23,802</u>	<u>5,505</u>	<u>39,599</u>	<u>62,737</u>	<u>1,729,217</u>	<u>2,354,285</u>

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

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

OUHUA ENERGY HOLDINGS LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD 30 JUNE 2023

4. Revenue (Continued)

Contract balances

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

	Group	
	As at 30 June 2023	As at 31 December 2022
	RMB'000	RMB'000
Contract liabilities (Note 21)	(41,546)	(43,059)

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

	Group	
	6 months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	43,059	46,632
Increases due to cash received, excluding amounts recognized as revenue during the year	(41,546)	(43,059)

5. Other operating income

	Group	
	6 months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Tug boat service	465	2,039
Interest income from bank and fixed deposits	320	246
Vessel/Tanker rental income	1,820	2,287
Other freight revenue	1,406	-
Warehouse handling fee income	-	3
Proceeds from disposal of scrap materials	178	-
Others	14	392
	<u>4,203</u>	<u>4,967</u>

OUHUA ENERGY HOLDINGS LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD 30 JUNE 2023

6. Other operating expenses

	Group	
	6 months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Bank charges	2,721	1,137
Depreciation of vessel (Note 13)	700	2,622
Donation	62	95
Fair value loss on financial assets at fair value through P/L	-	8,142
Foreign exchange loss - net	3,734	6,731
Others	234	-
	<u>7,451</u>	<u>18,727</u>

7. Finance costs

	Group	
	6 months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Interest expenses on bank borrowings	7,911	5,465
Interest expenses on leases	1,392	584
	<u>9,303</u>	<u>6,049</u>

8. (Loss)/Profit before income tax

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

	Group	
	6 months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Audit fees paid to auditors		
- Auditors of the Company	176	101
Depreciation of property, plant and equipment (Note 13)	17,216	10,869
Employee benefit costs (Note 9)	9,175	6,818
Marine freight	24,331	32,477
Loss on disposal of property, plant and equipment	16	-
	<u>41,114</u>	<u>50,265</u>

OUHUA ENERGY HOLDINGS LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD 30 JUNE 2023

9. Employee benefits costs

	Group	
	6 months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Salaries, bonuses and allowances	7,922	5,551
Other staff benefits	345	511
Contribution to retirement benefits schemes	908	755
	<u>9,175</u>	<u>6,818</u>

Employee benefits costs included the amounts shown as Directors' remuneration in Note 31(b) to the condensed financial statements.

10. Income tax expense

	Group	
	6 months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Current income tax expense		
- Current income tax	-	2,209
Deferred income tax		
- Current year	-	2,286
	<u>-</u>	<u>4,495</u>
<u>Reconciliation of effective tax rate is as follows:</u>		
Profit before income tax expense	<u>(28,161)</u>	<u>10,520</u>
Tax calculated at applicable PRC tax rate of 25%	(7,040)	2,630
Tax effect of non-deductible items	381	2,005
Utilization of deferred tax asset previously not recognised arising from tax losses	-	(140)
Deferred tax not recognised	<u>6,945</u>	<u>-</u>
Income tax expense	<u>-</u>	<u>4,495</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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD 30 JUNE 2023

11. Earnings per share

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

	Group	
	6 months ended 30 June	
	2023	2022
Profit attributed to equity holders (RM'000)	<u>(28,161)</u>	<u>6,025</u>
Weighted average number of ordinary shares ('000)	<u>383,288</u>	<u>383,288</u>
Basic and diluted earnings per share (RMB fen)	<u>(7.35)</u>	<u>1.57</u>

Basic earnings per share is calculated by dividing the Group's profit attributed to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial period. 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 period 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 for 6 months ended 30 June 2023 and 2022.

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

	Group		Company	
	As at 30 June 2023	As at 31 December 2022	As at 30 June 2023	As at 31 December 2022
NAV per share (RMB cents)	67.13	75.31	79.3	63.22

Net asset value per ordinary share is calculated using the Group's and the Company's net asset values, as at the end of the respective financial period divided by the number of shares in issue (excluding treasury shares) of 383,288,000 ordinary shares as at 30 June 2023 and 31 December 2022, respectively.

OUHUA ENERGY HOLDINGS LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD 30 JUNE 2023

13. Property, plant and equipment

Group	Building and storage	Vessel	Plant and machinery	Motor vehicles	Office equipment	Leasehold improvements	Construction In progress	Right-of-use assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost									
Balance at 1 January 2023	185,512	115,000	38,719	5,940	3,621	32,177	3,507	42,435	426,911
Additions	-	-	-	-	34	-	9,940	-	9,974
Disposals	-	-	-	-	(200)	-	-	-	(200)
Reclassification	-	-	303	-	-	-	(303)	-	-
Balance at 30 June 2023	185,512	115,000	39,022	5,940	3,455	32,177	13,144	42,435	436,685
Accumulated depreciation									
Balance at 1 January 2023	144,964	61,136	28,569	2,223	2,306	16,571	-	10,533	266,302
Charged for the financial period	340	700	995	248	435	3,608	-	10,890	17,216
Disposal	-	-	-	-	(179)	-	-	-	(179)
Balance at 30 June 2023	145,304	61,836	29,564	2,471	2,562	20,179	-	21,423	283,339
Accumulated impairment losses									
Balance at 1 January 2023	-	4,976	-	-	-	-	-	-	4,976
Charged for the financial period	-	-	-	-	-	-	-	-	-
Balance at 30 June 2023	-	4,976	-	-	-	-	-	-	4,976
Carrying amount									
At 31 December 2022	40,548	48,888	10,150	3,717	1,315	15,606	3,507	31,902	155,633
At 30 June 2023	40,208	48,188	9,458	3,469	893	11,998	13,144	21,012	148,370

OUHUA ENERGY HOLDINGS LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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14. Investments in subsidiaries

	Company	
	As at 30 June 2023	As at 31 December 2022
	RMB'000	RMB'000
Unquoted equity investment, at cost	221,417	221,417
Loan to a subsidiary	62,860	62,860
	<u>284,277</u>	<u>284,277</u>

Details of the subsidiaries are as follow:

Name of subsidiary/ (Principal place of business)	Registered capital	Effective equity held by the Group		Principal activities
		2023	2022	
Chaozhou Ouhua Energy Co., Ltd (PRC)	RMB221,416,000	100%	100%	Import, processing and wholesale of liquefied petroleum gas
Ouhua Energy (Singapore) Pte. Ltd. (Singapore)	S\$100	100%	100%	Dormant

15. Inventories

	Group	
	As at 30 June 2023	As at 31 December 2022
	RMB'000	RMB'000
Raw materials	201,290	86,6788
Finished goods	3,948	18,272
	<u>205,238</u>	<u>104,9501</u>

Cost of inventories recognized in cost of sales amounted to approximately RMB1,705,441,000 (2022: RMB2,279,140,000) during the financial period.

16. Trade and other receivables

	Group	
	As at 30 June 2023	As at 31 December 2022
	RMB'000	RMB'000
Trade receivables – third parties	6,470	35,683
Less: Loss allowance	(1,305)	(1,169)
	<u>5,165</u>	<u>34,514</u>
Prepayments	711	402
Advances to suppliers	405,143	269,265
Others	6,056	1,856
Less: Loss allowance	(40)	(175)
	<u>417,035</u>	<u>305,862</u>

OUHUA ENERGY HOLDINGS LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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16. Trade and other receivables (continued)

Trade receivables from third parties, arising from the Group's contract with its customers, are non-interest bearing and are generally on credit term of 10 days (2022: 10 days). They are recognized as their original invoice amounts which represents their fair values on initial recognition.

Other receivables including advance payment to Group's suppliers as performance bond amounted to RMB 5.8 million and advance payment to some employees as petty cash for job amounted to RMB 0.2 million.

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 2023 is RMB 1,345,000 (2022: RMB 1,13,000).

17. Due from/to related parties

	Group		Company	
	As at 30 June 2023	As at 31 December 2022	As at 30 June 2023	As at 31 December 2022
	RMB'000	RMB'000	RMB'000	RMB'000
Due from a related party				
Trade	76,663	25,444	14,421	-
Non-trade	-	703	-	68
	<u>76,663</u>	<u>26,147</u>	<u>14,421</u>	<u>68</u>
Due to related parties				
Trade	69,869	-	-	-
Non-trade	7,389	9,101	7,389	3,763
	<u>77,258</u>	<u>9,101</u>	<u>7,389</u>	<u>3,763</u>

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

18. Derivative financial instruments

	Group	
	As at 30 June 2023	As at 31 December 2022
	RMB'000	RMB'000
Derivatives contracts		
Commodity physical derivative instruments	-	6,260
	<u>-</u>	<u>6,260</u>

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

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18. Derivative financial instruments (continued)

As at 30 June 2023, the fair value of commodity derivatives is estimated at RMB nil (2022: 6,260,000). The fair values of physical derivative instruments were determined based on price indices after adjusting for contract specific factors. The fair values of paper derivative instruments were determined based on closing quoted market prices on the last market day of the financial period.

19. Pledged fixed deposits

Fixed deposits are pledged with financial institutions as security for banking facilities granted to the Group. The effective interest rate for those fixed deposits is at 0.30% (2022: 0.30%) per annum. The carrying amounts of pledged fixed deposits as at 30 June 2023 is RMB5,796,000.

20. Cash and cash equivalents

	Group		Company	
	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Cash balances	721	1,451	-	-
Bank balances	40,471	130,397	10,006	6,457
	<u>41,192</u>	<u>131,848</u>	<u>10,006</u>	<u>6,457</u>

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

As at 30 Jun 2023, the Group has cash and cash equivalents placed with banks in the PRC amounting to RMB 30,465,000 (2022: RMB65,147,000). 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.

21. Trade and other payables

	Group	
	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Trade payables	59,034	1,125
Accrued expenses	15,304	5,092
Interest payable	637	1,743
Contract liabilities	41,546	43,059
Others	10,781	10,066
Total trade and other payables	<u>127,302</u>	<u>61,085</u>

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21. Trade and other payables (continued)

Trade payables are non-interest bearing and are normally settled on 30 days (2022: 30 days) terms while other payables have an average term of 10 days (2022: 10 days). The increase in Trade payables results from the undue payables following the big-bulk purchasing of LPG in recent months.

Amounts due to directors are non-trade in nature, unsecured, interest-free and is repayable on demand. Contract liabilities relate to advances from customers. A contract liability is recognized for the advances received from customers and is derecognized as and when the performance obligation is met.

22. 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.

23. Bank borrowings

	Group	
	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Trust receipts	127,813	163,951
Bank loan C	-	80,000
Bank loan D	-	84,750
Bank loan E	-	65,250
Bank loan F	280,000	-
Less: Amount due for settlement within 12 months (shown under current liabilities)	<u>407,813</u>	<u>393,951</u>
Amount due for settlement after 12 months (shown under non-current liabilities)	<u>-</u>	<u>-</u>
	<u>280,000</u>	<u>-</u>

As at 30 June 2023, all bank borrowings are secured by corporate guarantees from related parties and personal guarantee by a director. As at 31 December 2022, trust receipts were additionally secured by pledged fixed deposits (Note 19).

The average effective borrowing rates for trust receipts range between 3.1% (2022: 2.09%) and 5.80% (2022: 6.00%).

The Group's bank borrowings consist mainly of the following:

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

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23. Bank borrowings (continued)

- Bank loan E relates to secured Renminbi denominated bank loan secured by corporate guarantees from related parties and personal guarantee by a director. The bank loan term is 1 year and repayable in June 2023. The effective interest rate of the bank loan at the reporting date is 4.15% per annum. The loan has been fully repaid during the financial period.
- Bank loan F relates to secured Renminbi denominated bank loan secured by corporate guarantees from related parties and personal guarantee by a director. The bank loan term is 1 year, respectively repayable of RMB214.750 million in February 2024 and RMB65.250 million in June 2024. The effective interest rate of the bank loan at the reporting date is 4.15% per annum.

The carrying amounts of bank borrowings approximate their fair values.

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.

25(a) Right-of-use assets

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

	Office premises and land RMB'000	Port terminals RMB'000	Vessel RMB'000	Total RMB'000
Group				
At 31 December 2022	2,117	29,784	-	31,901
Depreciation	(724)	(10,166)	-	(10,890)
At 30 June 2023	1,393	19,618	-	21,011

25(b) Lease liabilities

	Group	
	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Lease liabilities- non-current	15,099	27,683
Lease liabilities – current	5,596	5,294
	<u>20,695</u>	<u>32,977</u>

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25(c) Amounts recognised in profit or loss

	Group	
	6 months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Interest expense on lease liabilities	1,392	584
Expense relating to short-term leases	10,890	3,288

26. Share capital

	Group and Company									
	2023		2022		2023		2022			
	No. of ordinary shares		USD'000		RMB'000		USD'000		RMB'000	
	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000
Authorized (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.

The Company did not hold any treasury shares during the six months ended 30 June 2023.

27. Share premium

	Group and Company			
	2023		2022	
	US\$'000	RMB'000	US\$'000	RMB'000
At 1 January and 30 June	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.

28. Statutory reserve

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

There is no movement in the Group's statutory reserve in financial period of 2023 and 2022 as the Group's PRC subsidiary is in an accumulated loss position at the end of both financial periods.

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29. Foreign currency translation reserve

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

30. Significant related party transactions

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

- (a) Sale and purchases of goods and services

	Group	
	6 months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Revenue		
Sale of LPG to a related party	182,921	227,396
Expenses		
Lease of port terminals, land use rights, office premises and staff dormitory paid to related parties	(10,890)	(3,045)
LPG transportation freight charges paid to related party	(3,875)	(4,497)

- (b) Compensation of key management personnel

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

	Group	
	6 months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Directors' fees	254	238
Director's salaries	532	485
Post-employment benefits	35	32
	821	755

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31. Financial assets and financial liabilities

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

	<u>Note</u>	<u>Group</u>	
		<u>As at 30 June 2023</u>	<u>As at 31 December 2022</u>
		<u>RMB'000</u>	<u>RMB'000</u>
<i>Financial assets at fair value through profit or loss</i>			
Derivatives financial assets	18	-	6,560
<i>Financial assets at amortised cost</i>			
Trade receivables – third parties	16	5,165	34,514
Other receivables (<i>excluding prepayment and advance to suppliers</i>)	16	6,016	1,681
Due from a related party	17	76,663	26,1478
Pledged fixed deposits	19	5,796	81,986
Cash and cash equivalents	22	41,192	131,848
		<u>134,832</u>	<u>276,176</u>
<i>Financial liabilities at amortised cost</i>			
Trade payables	23	59,034	1,125
Other payables (<i>excluding VAT tax payables and advance from customers</i>)	23	17,527	16,801
Due to a related party	17	7,389	9,101
Due to a holding company	17	1,806	1,741
Bank borrowings	25	407,813	393,951
Lease liabilities	26	20,695	32,977
		<u>514,264</u>	<u>457,882</u>

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31. Financial assets and financial liabilities (Continued)

	Note	Company	
		As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Financial assets at amortised cost			
Cash and cash equivalents	22	10,006	11,535
Due from a related party	17	14,421	68
		24,427	11,603
Financial liabilities at amortised cost			
Trade and other payables	23	1,406	5,006
Due to related parties	17	7,389	3,763
Due to a subsidiary	24	-	37,992
Due to a holding company	24	1,806	1,741
		10,601	48,502

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

- (a). Level 1 - the fair values of assets and liabilities with standard terms and conditions and which trade in active liquid markets that the Group can access at the measurement date are determined with reference to quoted market prices (unadjusted).
- (b). Level 2 - in the absence of quoted market prices, the fair values of the assets and liabilities (excluding derivative instruments) are determined using the other observable, either directly or indirectly, inputs such as quoted prices for similar assets/liabilities in active markets, quoted prices for identical or similar assets/liabilities in non-active markets.
- (c). Level 3 - in the absence of quoted market prices included within Level 1 and observable inputs included within Level 2, the fair values of the remaining assets and liabilities are determined in accordance with generally accepted pricing models.

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

Recurring Fair Value Measurement

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
<u>Group</u>			
2023			
Financial assets:			
Derivative financial instruments	-	-	-
2022			
Financial assets:			
Derivative financial instruments	-	156	-

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

32. Subsequent events

There are no known subsequent events which have led to adjustments to this set of condensed 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 2023 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the financial period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Condensed consolidated statement of profit or loss and other comprehensive income

For six months ended 30 June 2023 (“FY2023 1H”) vs six months ended 30 June 2022 (“FY2022 1H”)

Revenue

Revenue decreased by approximately 27% or RMB 625.07 million from RMB 2,354.3 million in 1H 2022 to RMB 1,729.2 million in 1H 2023 due to decrease in LPG price from RMB5,520 per ton in 1H FY2022 to RMB4,450 per ton in 1H 2023, while the sales volume of liquefied petroleum gas (“LPG”) decrease from 426,490 tons in 1H 2022 to 388,390 tons in 1H 2023.

Gross profit

Gross profit decreased by RMB 51.4 million or 68% from RMB 75.1 million in 1H 2022 to RMB 23.8 million in 1H 2023, due to the decline of gross profit margin of 1.3% in 1H 2023, compared with the gross profit percentage of 3.2% in 1H 2022.

Other operating income

Other operating income decreased from RMB 5.0 million in 1H 2022 to RMB 4.2 million in 1H 2023. The decrease of RMB 0.8 million or 15% was mainly attributed to decrease on Tug boat service income.

Operating expenses

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

Selling and distribution expense

Selling and distribution expense decreased slightly by RMB 7 million or 19% from RMB 37.9 million in 1H 2022 to RMB 30.8 million in 1H 2023, due to decrease in marine cost with expanded customer base and other operating cost because of decrease of sale volume.

Administrative expenses

Administrative expenses increased by RMB 1.6 million or 23% from RMB 7.0 million in 1H 2022 to RMB8.6 million in 1H 2023 mainly due to increase on premises rents and employee expenses.

Other operating expenses

Other operating expenses decreased by RMB 11.3 million or 60% to RMB 7.5 million in 1H 2023 from RMB 18.7 million in 1H 2022 is mainly due to the great effects in controlling foreign exchange risk and future contract risk to avoid RMB 6.7 million foreign exchange loss and RMB 8.1 million LPG future contract loss.

(Loss)/Profit attributable to equity holders

As a result of the above, the Group recorded net loss for the financial period of RMB 28.2 million in 1H 2023, compared with net profit of RMB 6.0 million in 1H 2022.

Review of performance of the Group

Condensed statements of financial position

Non-current assets

Non-current assets decreased by RMB7.3 million or 4.7% from RMB 155.6 million as at 31 December 2022 to RMB148.4 million as at 30 June 2023 mainly due to the depreciation of property, plant and equipment of RMB 17.2 million which was offset by additions of property, plant and equipment of RMB9.9 million.

Current assets

Current assets increased by RMB 88.87 million or 13.6% from RMB 657.05 million as at 31 December 2022 to RMB 745.92 million as at 30 June 2023. This is mainly due to an increase in inventories of RMB 100.3 million, an increase in trade and other receivables of RMB 111.2, and partially offset by a decrease in pledged fixed deposits of RMB 76.2 million, cash and cash equivalents of RMB 90.7 million. The increase in inventories was in anticipation of stronger demand for LPG as China moves into green energy.

Current liabilities

Current liabilities increased by approximately RMB 125.6 million or 25.5% from RMB 494.2 million as at 31 December 2022 to RMB 619.8 million as at 30 June 2023. This is mainly due to increase in bank borrowing of RMB 13.9 million, trade and other payables of RMB 66.2 million, due to related parties of RMB 68.2 million, partially offset by decrease in income tax payable of RMB 23 million.

Non-Current liabilities

Non-current liabilities decreased by RMB 12.7 million due to a decrease on Lease liabilities of RMB 12.6 million because of paying the related rents.

Condensed consolidated statement of cash flows

The Group reported cash and cash equivalents of RMB 41.2 million as at 30 June 2023. The net decrease of RMB 90.7 million from cash and cash equivalents as of 31 December 2022 arose from foreign exchange rate changes of RMB 3.2 million on foreign currency cash balances and net cash outflow from operating, investing and financial activities during 1H 2023 of RMB 87.5 million.

Net cash used in operating activities amounted to RMB 146 million mainly due to cash utilized in working capital contributed by increase in inventories of RMB 100.3 million, trade and other receivables of RMB 111.1 million, due from related parties of RMB 50.5 million and partially offset by increase on trade and other payable of RMB 66.2 million, and due to related parties of RMB 68.2 million.

Net cash generated from financing activities amounted to RMB 68.5 million mainly due to increase in bank borrowings of RMB 13.9 million, decrease in pledged fixed deposits RMB 76.2 million, partially offset by decrease on lease liabilities of RMB 12.3 million and interest paid of RMB 9.3 million.

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Other Information Required by Listing Rule Appendix 7.2

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**

Geopolitical tensions have caused significant uncertainty on global economy thereby resulting to unprecedented disruption on energy supply chain. Oil and gas prices have seen substantial price fluctuations during the financial period under review. Our Management continue to monitor these price fluctuations very closely and manage the market risks accordingly using selective hedging tools, including foreign exchange management, to achieve profitability in sourcing for LPG and competing for market share.

The slowdown in the China economy in the first half of 2023 has posed several challenges to our Group operations. However, the demand for green energy will remain strong in China going forward, given the consistent Chinese Government energy policies. We believe LPG is well placed to compete as an attractive clean energy in the Chinese energy market. Our Management will leverage our strong and well-established sales network and ties with our customers and suppliers to cope with the challenges going forward. We expect more stimulus measures for the China economy which should help to put our Group back on the path to recovery soon.

5. **(a) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial period. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial period.**

	<u>The Group and company</u>					
	2023		2022		2022	
	No. of ordinary shares '000	No. of ordinary shares '000	USD'000	RMB'000	USD'000	RMB'000
Authorized (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						
30 June	383,288	383,288	19,164	149,488	19,164	149,488

The Company did not have any treasury shares and subsidiary holdings as at 30 June 2023 and 31 December 2022.

No shares were bought back by the Company during the financial period ended 30 June 2023 and 31 December 2022 respectively.

OUHUA ENERGY HOLDINGS LIMITED AND ITS SUBSIDIARIES

Other Information Required by Listing Rule Appendix 7.2

- (b) To show the total number of issued shares excluding treasury shares as at the end of current financial period and as at the end of the immediately preceding year.**

Not applicable.

- (c) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There were no treasury shares held by the Company during and as at the end of the current financial period reported on.

- (d) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

6. If a decision regarding dividend has been made:

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

None.

- (b) (i) Amount per share in cents**

None.

- (ii) Previous corresponding period in cents**

None.

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

Not applicable.

- (d) The date the dividend is payable.**

Not applicable.

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

Not applicable.

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

No dividend has been declared or recommended for the six months ended 30 June 2023.

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

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

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

The Group has obtained a general mandate from shareholders for IPTs

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	RMB'000	RMB'000	RMB'000
Guangdong Huajie Logistic Technology CO., Ltd			
• Lease of LPG transportation vehicles	An associate of our director and controlling shareholder Mr.Liang Guozhan-	4,008	4,008
Guangdong Zhongzhan New Energy Technology Co.,Ltd			
• Sale of LPG	An associate of our director and controlling shareholder Mr.Liang Guozhan	178,324	178,324
Chaozhou Huafeng Group Co., Ltd			
• Lease of port terminals, land use rights, office premises and staff dormitory	An associate of our director and controlling shareholder Mr.Liang Guozhan-	5,822	5,822
• Sale of LPG		4,597	4,597
Guangdong Huafeng Zhongtian LNG Co., Ltd			
• Lease of port terminals, land use rights, office premises and staff dormitory	An associate of our director and controlling shareholder Mr.Liang Guozhan-	1,060	1,060

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

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

10. 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 an 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

15 August 2023