Issuer: Ouhua Energy Holdings Limited
Security: Ouhua Energy Holdings Limited

Meeting details:
Date: 15 June 2017
Time: 10:00H
Venue: Lotus Room, Peninsula Tower, Level 5, Peninsula Excelsior Hotel, 5 Coleman Street, Singapore 179805

Company Description
Ouhua Energy Holdings Limited, an investment holding company, engages in the import, processing, storage, and distribution of liquefied petroleum gas (LPG) through its LPG retail stations in the People's Republic of China and the Asia Pacific. It imports raw materials, including butane and propane and processes these products into LPG, as well as stores petroleum and related products. The company primarily serves lower-tier gas distributors and contract distributors. It also exports its products to Vietnam, the Philippines, and Thailand in Southeast Asia. The company was founded in 2000 and is based in Chaozhou, the People's Republic of China. Ouhua Energy Holdings Limited is a subsidiary of High Tree Worldwide Ltd.
(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=AJ2)

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Q1. In the Corporate Profile (page 1 of the annual report), the company disclosed that the group is "equipped with a comprehensive suite of production facilities, including over 100,000 cubic metres of LPG storage facilities, and a current annual LPG production capacity of 900,000 tonnes".

The group also purchases LPG directly from domestic refineries for sale to customers.

On page 2, it was stated that the total volume of LPG sold in FY2016 was 830,541 tonnes. On page 9, it was shown that the actual output was 830,541 tonnes.

a) **Can the company clarify if the 830,541 tonnes of LPG sold in 2016 were all produced by the group's own production facilities?**

b) As shown on page 9, the group's actual output (by percentage) is 92.3%. **Does it mean that the group was operating at near maximum capacity in 2016?**

c) **If so, are there plans to expand the group's production capacity in the near future? What are the capital expenditure plans and how would the group fund any such investments?**

d) In the Consolidated statement of profit or loss and other comprehensive income (page 47), cost of sales was reported as RMB2,023,359,000 with no further notes in the financial statement. **To help shareholders understand the group better, can the company provide a breakdown to the cost of sales?**

e) In addition, as disclosed in the "Significant related party transactions" section under "Expenses", the "LPG transportation vehicles rental paid to related party" increased from RMB385,000 to RMB5.74 million. **Can the company help shareholders understand the disproportional large increase in LPG transportation vehicle rental costs?**

Q2. The group was included in the watch-list of the Singapore Exchange Securities Trading Limited ("SGX-ST") with effect from 5 March 2014. As noted on SGX's website, companies that were placed onto the watch-list before 1 March 2016 have a 24-month cure period.

The company's end date of the cure period is 4 March 2016.

The company had announced on 26 February 2016 that it had submitted an application to the SGX-ST for an extension of a further six months to apply for its removal from the watch-List.

On 1 December 2016, the company announced that it had made an application to the SGX-ST for its removal from the watch-list under the profit test criteria (Rule 210(3)) based on the consolidated pre-tax profit of RMB 51,921,000 for the financial year ended 31 December 2015.

a) **Can shareholders get better clarity on the reasons why the company's application to seek an extension and the subsequent application to seek its removal from the watch-list are still pending?**

b) **Can the board help shareholders understand what are the on-going efforts to get the company removed from the watch-list?**

c) **Is the company considering putting up a new application for its removal from the watch-list based on the financial results for the financial year ended 31 December 2016?**

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On 5 June 2017, the company announced that:

> "pursuant to the Listing Rule 1311(2) with the revised Minimum Trading Price ("MTP") entry criteria effective as of 2 December 2016 and the reassessment by the SGX-ST under the revised MTP entry criteria, the Company will continue to be placed on the watch-list due to the MTP entry criteria, with effect from 5 June 2017".

d) What are the company's plans to meet the requirements of Listing Rule 1314(2) so that it will be removed from the MTP watch-list?

Q3. Following the release of the "Unaudited Financial Statements For The Second Quarter Ended 30 June 2016" on 5 August 2016, the company announced a corrigendum in which the company provided the confirmation that it has procured undertakings from all its directors and executive officers under Rule 720(1).

On 10 November 2016, the group announced its unaudited financial statements for the Third quarter ended 30 September 2016. On 17 November 2016, the company once again announced a corrigendum in which it provided the confirmation that it has procured undertakings from all its directors and executive officers under Rule 720(1).

a) Can shareholders understand the reasons for the multiple omissions of the undertakings from all its directors and executive officers when the unaudited financial statements were first announced?

b) What are the steps that the company has taken to prevent these lapses from happening again?

c) How can the board assure shareholders that the company is fully aware of the reporting and disclosure requirements of the SGX-ST and of all the relevant rules and regulations?

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