



OUHUA ENERGY HOLDINGS LIMITED

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

Unaudited Financial Statements For The First Quarter Ended 31 March 2010

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY RESULTS

1(a)(i) An income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2010

(RMB'000)	First quarter ended		% change
	31 March 2010	31 March 2009	
Revenue	359,081	367,414	(2.27)%
Cost of sales	(342,205)	(362,875)	(5.70)%
Gross profit	16,876	4,539	271.80%
Other operating income	5,989	7,815	(23.37)%
Selling and distribution expenses	(14,132)	(13,589)	4.00%
Administrative expenses	(3,529)	(4,184)	(15.65)%
Other operating expenses	(380)	(67)	467.16%
Finance costs	(3,259)	(3,552)	(8.25)%
(Loss) profit before income tax	1,565	(9,038)	117.32%
Income tax expense	-	-	
(Loss) profit for the financial period	1,565	(9,038)	117.32%

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS FOR THE THREE MONTHS ENDED 31 MARCH 2010

(RMB'000)	First quarter ended		% change
	31 March 2010	31 March 2009	
(Loss) profit for the financial period	1,565	(9,038)	117.32%
Other comprehensive income			
Foreign currency translation differences	1	-	n.m
Total comprehensive income for the period	1,566	(9,038)	117.33%

Notes:

- (1) The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (the "IFRS").
- (2) In accordance with the new PRC Corporate Income Tax Law, the applicable income tax rate for all PRC domestic enterprises and Foreign Investment Enterprises is 25% with effect from 1 January 2008. The Company's subsidiary, Chaozhou Ouhua Energy Co., Ltd. was incorporated as a wholly foreign owned enterprise and is able to enjoy full exemption from PRC income tax for the first two years commencing from its first profitable year (FY2007) and thereafter entitled to a 50% exemption from the PRC income tax for the next three years.

1(a)(ii) Other information:

Unaudited statement of comprehensive income before income tax has been arrived at after crediting/(charging):

(RMB'000)	First quarter ended		% change
	31 March 2010	31 March 2009	
	(Unaudited)	(Unaudited)	
Depreciation of property, plant and equipment	(2,710)	(2,678)	1.19%
Interest expense	(3,259)	(3,552)	(8.25)%
Interest income	2,300	1,377	67.03%
Foreign exchange gain	1,742	5,983	(70.88)%
Fair value gain on currency swap contracts	211	-	n.m

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

UNAUDITED STATEMENT OF FINANCIAL POSITION

(RMB'000)	Group		Company	
	(Unaudited) As at 31 March 2010	(Audited) As at 31 December 2009	(Unaudited) As at 31 March 2010	(Audited) As at 31 December 2009
Non-current assets				
Property, plant and equipment	208,689	211,352	-	-
Investments in subsidiaries	-	-	284,277	284,277
Trade receivables	2,066	2,066	-	-
Deferred tax assets	5,557	5,557	-	-
	<u>216,312</u>	<u>218,975</u>	<u>284,277</u>	<u>284,277</u>
Current assets				
Inventories	47,502	262,613	-	-
Trade and other receivables	43,324	45,780	-	-
Due from subsidiaries	-	-	13	13
Due from related parties	14,528	36,223	13	13
Pledged fixed deposits	255,896	285,819	-	-
Cash and cash equivalents	259,075	226,820	27	32
	<u>620,325</u>	<u>857,255</u>	<u>53</u>	<u>58</u>
Less:				
Current liabilities				
Trade and other payables	54,432	324,063	716	648
Due to subsidiaries	-	-	1,386	1,386
Due to a related party	683	683	683	683
Short-term borrowings	425,316	396,844	-	-
Income tax payables	2,317	2,317	-	-
	<u>482,748</u>	<u>723,907</u>	<u>2,785</u>	<u>2,717</u>
Net current assets	<u>137,577</u>	<u>133,348</u>	<u>(2,732)</u>	<u>(2,659)</u>
Net assets	<u>353,889</u>	<u>352,323</u>	<u>281,545</u>	<u>281,618</u>
Shareholders' equity				
Share capital	149,488	149,488	149,488	149,488
Share premium	130,298	130,298	130,298	130,298
Statutory reserve	15,662	15,662	-	-
Foreign currency translation reserve	5,870	5,869	6,739	6,739
Accumulated profits (losses)	52,571	51,006	(4,980)	(4,907)
Equity attributable to equity holders of the Company	<u>353,889</u>	<u>352,323</u>	<u>281,545</u>	<u>281,618</u>

1(b)(ii) Aggregate amount of Group's borrowings and debt securities.**Amount repayable in one year or less, or on demand**

(RMB'000)	As at 31 March 2010		As at 31 December 2009	
	Secured	Unsecured	Secured	Unsecured
Bank borrowings				
- short-term loan	258,140	-	229,760	-
- trust receipts	167,176	-	167,084	-
	<u>425,316</u>	<u>-</u>	<u>396,844</u>	<u>-</u>

Amount repayable after one year

None.

Details of any collateralAs at 31 March 2010

The short-term loan of RMB 50.0 million is secured by a mortgage over two of the Group's refrigerated storage tanks, a personal guarantee given by Mr. Liang Guo Zhan (Executive Chairman) and a corporate guarantee given by related parties.

The short-term loans amounting to RMB 208.1 million are secured by fixed deposits pledged with financial institutions.

The trust receipt facility of RMB 167.2 million is secured by a guarantee given by Mr. Liang Guo Zhan (Executive Chairman) and corporate guarantees given by several related parties.

As at 31 December 2009

The short-term loan of RMB 50.0 million is secured by a mortgage over two of the Group's refrigerated storage tanks, a personal guarantee given by Mr. Liang Guo Zhan (Executive Chairman) and a corporate guarantee given by related parties.

The short-term loans amounting to RMB 179.8 million are secured by fixed deposits pledged with financial institutions.

The trust receipt facility of RMB 167.1 million is secured by a guarantee given by Mr. Liang Guo Zhan (Executive Chairman) and corporate guarantees given by several related parties.

1(c) A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

UNAUDITED CONSOLIDATED CASH FLOWS STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2010

(RMB'000)	First quarter ended	
	31 March 2010 (Unaudited)	31 March 2009 (Unaudited)
Operating activities		
(Loss) profit before income tax	1,565	(9,038)
Adjustments for:		
Depreciation of property, plant and equipment	2,710	2,678
Fair value gain on derivative financial instruments	(211)	-
Interest income	(2,300)	(1,377)
Interest expense	3,259	3,552
Operating (loss) profit before movements in working capital	5,023	(4,185)
Inventories	215,111	28,343
Trade and other receivables	3,641	(14,762)
Due from related parties	21,695	23,896
Trade and other payables	(269,420)	(116,828)
Cash used in operations	(23,950)	(83,536)
Interest paid	(3,259)	(6,962)
Interest received	1,114	6,133
Net cash used in operating activities	(26,095)	(84,365)
Investing activities		
Purchase of property, plant and equipment	(46)	(54)
Pledged fixed deposits	29,923	7,381
Net cash from investing activities	29,877	7,327
Financing activities		
Proceeds from bank borrowings	280,340	234,937
Repayments of bank borrowings	(251,868)	(258,636)
Net cash (used in) from financing activities	28,472	(23,699)
Net effect of exchange rate changes on the balance of cash held in foreign currencies	1	-
Net (decrease) / increase in cash and cash equivalents	32,255	(100,737)
Cash and cash equivalents at beginning of the financial period	226,820	213,567
Cash and cash equivalents at end of the financial period	259,075	112,830

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Unaudited statement of changes in equity for the three months ended 31 March 2010

The Group

(RMB'000)	Share capital	Share premium	Statutory reserve	Foreign currency translation reserve	Accumulated profits	Total equity
Balance at 1 January 2009	149,488	130,298	15,662	5,868	54,555	355,871
Total comprehensive income for the period	-	-	-	-	(9,038)	(9,038)
Balance at 31 March 2009	149,488	130,298	15,662	5,868	45,517	346,833
Total comprehensive income for the period	-	-	-	1	5,489	5,490
Balance at 31 December 2009	149,488	130,298	15,662	5,869	51,006	352,323
Total comprehensive income for the period	-	-	-	1	1,565	1,566
Balance at 31 March 2010	149,488	130,298	15,662	5,870	52,571	353,889

The Company

(RMB'000)	Share capital	Share premium	Foreign currency translation reserve	Accumulated losses	Total equity
Balance at 1 January 2009	149,488	130,298	6,738	(1,950)	284,574
Total comprehensive income for the period	--	--	-	(107)	(107)
Balance at 31 March 2009	149,488	130,298	6,738	(2,057)	284,467
Total comprehensive income for the period	-	-	1	(2,850)	(2,849)
Balance at 31 December 2009	149,488	130,298	6,739	(4,907)	281,618
Total comprehensive income for the period	-	-	-	(73)	(73)
Balance at 31 March 2010	149,488	130,298	6,739	(4,980)	281,545

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, 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 also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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 year**

There were no new shares issued in the first quarter ended 31 March 2010 and no outstanding convertibles or treasury shares held as at 31 March 2010.

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

The Company's total issued shares as at 31 March 2010 and 31 December 2009 is 383,288,000 ordinary shares of US\$0.05 each fully paid.

- 1(d)(iv) 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.**

Not applicable.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

These figures have neither been audited nor reviewed.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has adopted the same accounting policies and methods of computation as stated in the audited financial statements for the year ended 31 December 2009.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

None.

6. **Earnings/(Loss) per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-**
(a) Based on the weighted average number of ordinary shares on issue; and
(b) On a fully diluted basis (detailing any adjustments made to the earnings).

	First quarter ended	
	31 March 2010 (Unaudited)	31 March 2009 (Unaudited)
(Loss)/Earnings per share – basic (RMB cents)	0.41	(2.36)

Basic (loss)/earning per ordinary share for the first quarter ended 31 March 2010 and 31 March 2009 have been calculated based on the weighted average share capital of 383,288,000 shares.

Diluted (loss)/earnings per share for the above periods have not been calculated as no diluting events occurred during these periods.

7. **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 31 March 2010	As at 31 December 2009	As at 31 March 2010	As at 31 December 2009
NAV per share (RMB cents)	92.33	90.49	73.46	74.22

The net asset values per ordinary share as at 31 March 2010 and 31 December 2009 are calculated using the Company's and Group's net asset values as at the end of each period divided by the outstanding share capital of 383,288,000 ordinary shares.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

Review of the Group's Performance for the first quarter ended 31 March 2010 ("1Q2010") as compared to that of the first quarter ended 31 March 2009 ("1Q2009")

Revenue

Revenue decreased by approximately 2.3% or RMB 8.3 million mainly due to a decline in sales volume from 116,404 tonnes in 1Q2009 to 67,267 tonnes in 1Q2010. The drop in sales volume resulted from the rise of import costs as well as price competition amongst the local LPG distributors.

Gross Profit

Gross profit margin improved from 1.2% in 1Q2009 to 4.7% in 1Q2010 mainly due to higher selling prices despite the rise in import costs. Correspondingly, gross profit increased by RMB 12.3 million or 271.8% in 1Q2010 as compared to 1Q2009.

Other operating income

Other operating income decreased by RMB 1.8 million or 23.4% compared to 1Q 2009 mainly due to decrease of foreign exchange gain of RMB 4.2 million, partially offset by the increase of interest income of RMB 923K as well as tanker transportation income of RMB 1.6 million.

Operating expenses

Operating expenses increased by RMB 200K or 0.1% due mainly to:

- (i) Selling and distribution expenses increased by approximately RMB 543K or 4.0% mainly due to an increase in marine freight of RMB 1.8 million, partially offset by a decrease of tugboat charges RMB 776K as well as a decrease in land freight charges of RMB 236K as a result of lower imports and drop in sales volume.
- (ii) Administrative expenses decreased by RMB 655K or 15.7% due mainly to reduction in letter of credit application fee of RMB 702K.
- (iii) Other operating expenses increased by RMB 313K.

Finance cost

Finance costs decreased by approximately RMB 293K or 8.3% mainly due to a reduction in interest expenses.

(b) Any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of the Group's Financial Position as at 31 March 2010 and the Group's Financial Position as at 31 December 2009

Current assets decreased by approximately RMB 236.9 million or 27.6% from RMB 857.3 million as at 31 December 2009 to RMB 620.3 million as at 31 March 2010 mainly due to decrease in inventories of RMB 215.1 million, decrease of fixed deposits of RMB 29.9 million, and amount due from related parties of RMB 21.7 million, partially offset by the increase of cash and bank balances of RMB 32.3 million.

Current liabilities decreased by approximately RMB 241.2 million or 33.3% from RMB 723.9 million as at 31 December 2009 to RMB 482.7 million as at 31 March 2010 mainly due to decrease in trade and other payables of RMB 269.6 million while bank borrowings increased by RMB 28.5 million.

Review of the Group's Cash Flow Statements for 1Q2010

Net cash used in operating activities amounted to approximately RMB 26.1 million due mainly to net profit before income tax of RMB 1.6 million, after adding non-cash items of RMB 3.4 million, which was offset by the net cash outflow of working capital of RMB 29.0 million and net interest payment of RMB 2.1 million. Net cash outflows from working capital arose from a decrease in trade and other payables of RMB 269.4 million partially offset by the decrease of inventory of RMB 215.1 million, amount due from related parties of RMB 21.7 million as well as increase in trade and other receivables of RMB 3.6 million,

Net cash from investing activities amounted to RMB 29.9 million mainly due to decrease in pledged fixed deposits.

Net cash from financing activities amounted to RMB 28.5 million mainly due to increase of bank borrowings.

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

No forecast or prospect statement has previously been disclosed to shareholders.

10. 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 reporting period and the next 12 months.

With the tentative recovery of economy, domestic refineries expanded their production resulting in domestically produced LPG being supplied at a lower cost compared to imported LPG. The Group faces competition from domestically-produced LPG and intends to increase the purchase of domestically produced LPG to enhance the Group's competitiveness.

11. 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
(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 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared or recommended for the first quarter ended 31 March 2010.

13. Summary of Interested Person Transactions for the financial period ended 31 March 2010

The aggregate values of interested person transactions for the financial period ended 31 March 2010 are as follows:

Name of interested person	Aggregate value of all interested person transactions for the financial period ended 31 March 2009 (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) RMB'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) RMB'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (including transactions less than \$100,000) RMB'000
Chaozhou Huafeng (Group) Incorporation Ltd			
◦ Lease of LPG transportation vehicles	-	540	540
◦ Lease of LPG transportation vessel	2,818	-	-
Chaozhou Huafeng (Group) Ltd			
◦ Lease of LPG transportation vehicles	-	-	73
Chaozhou Zhongkai Huafeng Energy Retail Chain Co., Ltd.			
◦ Sale of LPG	-	115,404	115,404
◦ Advances/loans	-	-	-
◦ Repayment of advances/loans	-	-	-
Chaozhou Huafeng Petroleum and Warehouse Co., Ltd.			
◦ Lease of storage tankers	-	509	509
Chaozhou Huafeng Refining Co., Ltd			
◦ Lease of port terminals, land use rights, office premises and staff dormitory	-	1,354	1,354
Chaozhou Kaihao Huafeng Gas Station Co., Ltd			
◦ Purchase of petrol for car usage	-	-	21

14. Confirmation pursuant to Rule 705(5) of the Listing Manual of the SGX-ST

We, Liang Guo Zhan and Ye Tian Shun, being Directors of Ouhua Energy Holdings Limited ("the Company"), do hereby confirm, for and on behalf of the Board of Directors of the Company, that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial statements for the first quarter ended 31 March 2009 to be false or misleading in any material aspect.

For and on behalf of the Board of Directors
of Ouhua Energy Holdings Limited
(Signed)
Liang Guo Zhan
Executive Chairman

(Signed)
Ye Tian Shun
Executive Director

BY ORDER OF THE BOARD

Liang Guo Zhan
Executive Chairman
15 May 2010