



OUHUA ENERGY HOLDINGS LIMITED

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

FULL YEAR FINANCIAL STATEMENT ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

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

UNAUDITED CONSOLIDATED INCOME STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

(RMB'000)	31 December 2010	31 December 2009	% change
Revenue	1,901,698	1,783,309	6.64%
Cost of sales	(1,832,592)	(1,706,755)	7.37%
Gross profit	69,106	76,554	(9.73%)
Other operating income	23,420	16,611	41.00%
Selling and distribution expenses	(45,153)	(58,905)	(23.35%)
Administrative expenses	(22,497)	(24,260)	(7.26%)
Other operating expenses	(5,485)	(2,370)	131.48%
Profit from operations	19,391	7,630	154.14%
Finance costs	(10,485)	(11,179)	(6.20%)
Profit/(Loss) before income tax	8,906	(3,549)	(350.94%)
Income tax	1,544	-	n.m
Profit/(Loss) for the financial year	7,362	(3,549)	(307.47%)

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE PROFIT/(LOSS) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

(RMB'000)	31 December 2010	31 December 2009	% change
Profit/(Loss) for the financial year	7,362	(3,549)	(307.47%)
Other comprehensive income			
Foreign currency translation differences	65	1	6,400%
Total comprehensive Profit/(loss) for the year	7,427	(3,548)	(309.33%)

"n.m" denotes "not meaningful"

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 Profit/(loss) before income tax has been arrived at after crediting/(charging):

(RMB'000)	Full Year ended		% change
	31 December 2010	31 December 2009	
Depreciation of property, plant and equipment	(10,963)	(10,699)	2.47%
Write back for impairment of receivables	338	116	191.38%
Interest expense	(10,485)	(11,179)	(6.20%)
Interest income	7,599	9,242	(17.78%)
Foreign exchange gain	9,553	3,395	181.38%
Fair value loss on currency swap contracts	(1,126)	(2,602)	(56.73%)

1(b)(i) A statement of financial position (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	
	As at 31 December 2010	As at 31 December 2009	As at 31 December 2010	As at 31 December 2009
Non-current assets				
Property, plant and equipment	227,092	211,352	-	-
Investments in subsidiaries	-	-	284,277	284,277
Trade receivables	1,854	2,066	-	-
Deferred tax assets	4,013	5,557	-	-
	<u>232,959</u>	<u>218,975</u>	<u>284,277</u>	<u>284,277</u>
Current assets				
Inventories	228,060	262,613	-	-
Trade and other receivables	39,431	45,780	-	-
Due from subsidiaries	-	-	-	13
Due from related parties	32,714	36,223	-	13
Notes receivables	45,000	-	-	-
Pledged fixed deposits	308,786	285,819	-	-
Cash and cash equivalents	42,365	226,820	961	32
	<u>696,356</u>	<u>857,255</u>	<u>961</u>	<u>58</u>
Less:				
Current liabilities				
Trade and other payables	40,795	323,813	1,136	648
Derivative financial instruments	1,376	250	-	-
Due to subsidiaries	-	-	1,843	1,386
Due to a related party	27,299	683	3,299	683
Short-term borrowings	497,778	396,844	-	-
Income tax payables	2,317	2,317	-	-
	<u>569,565</u>	<u>723,907</u>	<u>6,278</u>	<u>2,717</u>
Net current assets	<u>126,791</u>	<u>133,348</u>	<u>(5,317)</u>	<u>(2,659)</u>
Net assets	<u>359,750</u>	<u>352,323</u>	<u>278,960</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	5,934	5,869	6,861	6,739
Accumulated profits (losses)	58,368	51,006	(7,687)	(4,907)
Equity attributable to equity holders of the Company	<u>359,750</u>	<u>352,323</u>	<u>278,960</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 December 2010		As at 31 December 2009	
	Secured	Unsecured	Secured	Unsecured
Bank borrowings				
- short-term loan	123,397	-	229,760	-
- trust receipts	374,381	-	167,084	-
	<u>497,778</u>	<u>-</u>	<u>396,844</u>	<u>-</u>

Amount repayable after one year

None.

Details of any collateralAs at 31 December 2010

The short-term loan of RMB 39 million is secured by a mortgage over four 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 84.4 million are secured by fixed deposits pledged with financial institutions.

The trust receipt facility of RMB 244.6 million is secured by a guarantee given by Mr Liang Guo Zhan (Executive Chairman) and corporate guarantees given by several related parties.

The trust receipt facility of RMB 129.8 million is secured by a mortgage over four 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.

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.

THE FINANCIAL YEAR ENDED 31 December

UNAUDITED CONSOLIDATED CASH FLOW STATEMENTS

(RMB'000)	31 December 2010	31 December 2009
Cash flows from operating activities		
Profit/(loss) before income tax	8,906	(3,549)
Adjustments for:		
Depreciation of property, plant and equipment	10,963	10,699
Loss on disposal of property, plant and equipment	55	6
Reversal for impairment of trade receivables	(338)	(116)
Fair value loss on derivative financial instruments	1,126	2,602
Interest income	(7,599)	(9,242)
Interest expense	10,485	11,179
Operating profits before working capital changes	<u>23,598</u>	<u>11,579</u>
Working capital changes:		
Inventories	34,553	(158,796)
Trade and other receivables	5,513	(18,099)
Due from related parties	3,509	20,507
Trade and other payables	(282,511)	120,137
Due to a related parties	2,616	-
Notes receivables	(45,000)	-
Non-current trade receivables	212	-
Cash used in operations	<u>(257,510)</u>	<u>(24,671)</u>
Interest paid	(10,992)	(14,432)
Interest received	8,774	12,945
Net cash used in operating activities	<u>(259,728)</u>	<u>(26,158)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,758)	(716)
Pledged fixed deposits	(22,967)	(84,958)
Net cash flows used in investing activities	<u>(25,725)</u>	<u>(85,674)</u>
Cash flows from financing activities		
Proceeds from bank borrowings	1,497,607	1,258,105
Repayment of bank borrowings	(1,396,674)	(1,133,021)
Net cash from financing activities	<u>100,933</u>	<u>125,084</u>
Net effect of exchange rate changes on the balance of cash held in foreign currencies	<u>65</u>	<u>1</u>
Net (decrease)/increase in cash and cash equivalents	<u>(184,520)</u>	<u>13,252</u>
Cash and cash equivalents at beginning of the financial year	<u>226,820</u>	<u>213,567</u>
Cash and cash equivalents at end of the financial year	<u>42,365</u>	<u>226,820</u>

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 capitalisation 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 financial year ended 31 December 2010 and 2009

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/(loss) for the financial year	-	-	-	1	(3,549)	(3,548)
Dividend paid	-	-	-	-	-	-
Balance at 31 December 2009	149,488	130,298	15,662	5,869	51,006	352,323
Total comprehensive income for the financial year	-	-	-	65	7,362	7,427
Dividend paid	-	-	-	-	-	-
Balance at 31 December 2010	149,488	130,298	15,662	5,934	58,368	359,750

The Company

(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	-	6,738	(1,950)	284,574
Total comprehensive income/(loss) for the financial year	-	-	-	1	(2,957)	(2,956)
Dividend paid	-	-	-	-	-	-
Balance at 31 December 2009	149,488	130,298	-	6,739	(4,907)	281,618
Total comprehensive (loss) for the financial year	-	-	-	122	(2,780)	(2,658)
Balance at 31 December 2010	149,488	130,298	-	6,861	(7,687)	278,960

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 financial year ended 31 December 2010 and no outstanding convertibles or treasury shares held as at 31 December 2010 and 31 December 2009.

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 preceding year.

The Company's total issued shares as at 31 December 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.

The new and revised International Financial Reporting Standards ("IFRSs") which took effect from the current financial year are now assessed to have no material effect to the results on the opening balances to the accumulated profit of the Group and accumulated loss of the Company for the financial year ending 31 December 2010.

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.

The adoption of the new/revised IFRS and IFRIC does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

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).

31 December 2010 31 December 2009

EPS – basic (RMB cents) 1.94 (0.93)

Basic Earnings/(loss) per ordinary share for the full year ended 31 December 2010 and 31 December 2009 have been calculated based on the weighted average share capital of 383,288,000 shares.

Diluted 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 December 2010	As at 31 December 2009	As at 31 December 2010	As at 31 December 2009
NAV per share (RMB cents)	93.86	91.92	72.78	73.47

The net asset values per ordinary share as at 31 December 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 full year ended 31 December 2010 ("2010") as compared to that for the full year ended 31 December 2009 ("2009")

Revenue

Revenue increased by approximately 6.64% or RMB 118.4 million in 2010 due mainly to the higher average selling price as compared to 2009, but the sales volume decreased from 490,959 tonnes in 2009 to 365,167 tonnes in 2010, The decline in sales quantity was mainly due to the slow economic recovery and increased competition from domestic producers.

Gross profit

Gross profit decreased by RMB 7.5 million in FY2010 as compared to FY2009. Correspondingly, gross profit margin reduced from 4.29% to 3.63% on the back of decreased sales volume and higher import costs.

Other operating income

Other operating income increased by RMB 6.8 million or 41% mainly due to increase of foreign exchange gain of RMB 6.2 million, and increase of government incentives of RMB 2.0 million as well as decrease in interest income of RMB 1.6 million.

Operating expenses

Operating expenses decreased by RMB 12.4 million or 14.49% due mainly to:

- (i) Selling and distribution expenses decreased by approximately RMB 13.8 million or 23.35% mainly due to a decrease in marine freight of RMB 11.1 million and the tugboat charges decreased by RMB 1.4 million, While storage rental increased by RMB 1.1million.
- (i) Administrative expenses decreased by RMB 1.8 million or 7.26% mainly due to a decrease in letter of credit application and certificate fee of RMB 1.2 million, consulting fee of RMB 0.9 million, and maintenance fee of RMB 0.6 million, Meanwhile, audit fees increased by RMB 0.6 million.
- (ii) Other operating expenses increased by RMB 3.1 million or 131.5% due mainly to increases in vessel compensation of RMB 2.1 million as well as financial assets losses of RMB 0.9 million.

Finance cost

Finance costs decreased by approximately RMB 0.7 million or 6.2% mainly due to a reduction in bank loan interest rates.

Profit attributable to equity holders

As a result of the above, net profit attributable to equity holders recorded RMB 7.4 million in 2010.

(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 December 2010 and the Group's Financial Position as at 31 December 2009

Non-current assets included a new vessel under construction valued at RMB 96.0 million, total cost of which is RMB 115 million, and the vessel was 90% completed as at 31 December 2010.

Current assets decreased by approximately RMB 160.9 million or 18.8% from RMB 857.3 million as at 31 December 2009 to RMB 696.4 million as at 31 December 2010 mainly due to decrease in inventories of RMB 34.6 million, cash and cash equivalents of RMB 184.5 million, trade and other receivables of RMB 6.3 million, amount due from related parties of RMB 3.5 million, partially offset by the increase in notes receivables of RMB 45 million, fixed deposits of RMB 23 million. The increase in fixed deposits was mainly due to increase in secured short-term bank loan. The decrease of cash and cash equivalents was mainly due to payment to the suppliers.

Current liabilities decreased by approximately RMB 154.3 million or 21.3% from RMB 723.9 million as at 31 December 2009 to RMB 569.6 million as at 31 December 2010 mainly due to decrease in trade and other payables of RMB 281.9 million as a result of payment to suppliers in the year end, partly offset by increase in bank borrowings of RMB 100.9 million and amount due to related parties of RMB 26.6 million.

Review of the Group's Cash Flow Statements for the financial year ended 31 December 2010

Net cash used in operating activities amounted to approximately RMB 259.8 million due mainly to profit before income tax of RMB 8.9 million, after adding back non-cash items of RMB 14.7 million, which was offset by the net cash outflow of working capital RMB 278 million and net interest paid of RMB 2.2 million. Net cash outflows from working capital arose from the decrease in trade and other payables of RMB 282.5 million, decrease of amount due from related parties of RMB 3.5 million and increase in the notes receivables of RMB 45 million, partially offset by an decrease in inventory of RMB 34.6 million as well as decrease of trade and other receivables of RMB 5.5 million.

Net cash used in investing activities amounted to RMB 25.7 million mainly due to increase in pledged fixed deposits as a result of increase in short-term loan.

Net cash from financing activities amounted to RMB 100.9 million mainly due to borrowings from bank.

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

None.

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.

The fluctuation of raw material import costs will have an impact on the profitability and performance of the Company.

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 financial year ended 31 December 2010.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)****13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

The Group's revenue is not segmented by activities, products or industries.

Breakdown of Total Sales by Geographical Regions

The Group's revenue is primarily generated from PRC. Accordingly, no geographical segment is applicable.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Please refer to Paragraph 8.

15. A breakdown of sales

	Group		% change
	2010	2009	Total
	RMB'000	RMB'000	
15(a) Sales reported for the first half year	828,638	835,550	(0.83%)
15(b) Profit/(Loss) after income tax for the first half year	3,283	(5,997)	(154.74%)
15(c) Sales reported for second half year	1,073,060	947,759	13.22%
15(d) Profit after income tax reported for second half year	4,079	2,449	66.56%

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

	2010	2009
	US\$	US\$
Proposed dividend:		
Ordinary	-	-

17. Summary of Interested Person Transactions for the financial year ended 31 December 2010.

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

Name of interested person	Aggregate value of all interested person transactions for the financial period ended 31 December 2010 (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (including transactions less than \$100,000)
	RMB'000	RMB'000	RMB'000
Chaozhou Huafeng (Group) Incorporation Ltd			
◦ Lease of LPG transportation vehicles	-	1,793	1,793
◦ Lease of LPG transportation vessel	8,617	-	-
◦ Purchase of gasoline	1,042	-	-
Chaozhou Huafeng (Group) Ltd			
◦ Lease of LPG transportation vehicles	-	-	292
Chaozhou Zhongkai Huafeng Energy Retail Chain Co., Ltd.			
◦ Sale of LPG	-	651,263	651,263
Chaozhou Huafeng Petroleum and Warehouse Co., Ltd.			
◦ Lease of storage tankers	-	3,441	3,441
◦ Purchase of petrol for car usage	-	-	-
Chaozhou Huafeng Refining Co., Ltd			
◦ Lease of port terminals, land use rights, office premises and staff dormitory	-	5,400	5,400
Chaozhou Kaihao Huafeng Gas Station Co., Ltd			
◦ Purchase of petrol for car usage	81	-	-
Huaneng International Trading Ltd			
◦ Lease of LPG transportation vessel	600	-	-

BY ORDER OF THE BOARD

Liang Guo Zhan
Executive Chairman
14 February 2011