



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 2011

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 2011

(RMB'000)	First quarter ended		% change
	31 March 2011	31 March 2010	
Revenue	382,795	359,081	6.60%
Cost of sales	(367,696)	(342,205)	7.45%
Gross profit	15,099	16,876	(10.53)%
Other operating income	4,140	5,989	(30.87)%
Selling and distribution expenses	(7,713)	(14,132)	(45.42)%
Administrative expenses	(4,393)	(3,529)	24.28%
Other operating expenses	(1,113)	(380)	192.89%
Finance costs	(3,367)	(3,259)	3.31%
Profit before income tax	2,653	1,565	69.52%
Income tax expense	-	-	
Profit for the financial period	2,653	1,565	69.52%

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS FOR THE THREE MONTHS ENDED 31 MARCH 2011

(RMB'000)	First quarter ended		% change
	31 March 2011	31 March 2010	
Profit for the financial period	2,653	1,565	69.52%
Other comprehensive income			
Foreign currency translation differences	38	1	
Total comprehensive income for the period	2,691	1,566	71.84%

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 (charging) /crediting:

(RMB'000)	First quarter ended		% change
	31 March 2011	31 March 2010	
	(Unaudited)	(Unaudited)	
Depreciation of property, plant and equipment	(2,775)	(2,710)	2.40%
Interest expense	(3,367)	(3,259)	3.31%
Interest income	1,866	2,300	(18.87)%
Foreign exchange gain	2,247	1,742	28.99%
Fair value (Loss)/gain on currency swap contracts	(644)	211	(205.21)%

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	
	(Unaudited) As at 31 March 2011	(Audited) As at 31 December 2010	(Unaudited) As at 31 March 2011	(Audited) As at 31 December 2010
Non-current assets				
Property, plant and equipment	236,341	227,092	-	-
Investments in subsidiaries	-	-	284,277	284,277
Trade receivables	1,854	1,854	-	-
Deferred tax assets	4,013	4,013	-	-
	<u>242,208</u>	<u>232,959</u>	<u>284,277</u>	<u>284,277</u>
Current assets				
Inventories	157,130	228,060	-	-
Trade and other receivables	33,039	39,431	-	-
Due from subsidiaries	-	-	-	-
Due from related parties	63,716	32,714	-	-
Notes receivables	60,000	45,000	-	-
Pledged fixed deposits	254,865	308,786	-	-
Cash and cash equivalents	65,190	42,365	36	961
	<u>633,940</u>	<u>696,356</u>	<u>36</u>	<u>961</u>
Less:				
Current liabilities				
Trade and other payables	273,936	40,795	957	1,136
Derivative financial instruments	2,020	1,376	-	-
Due to subsidiaries	-	-	1,825	1,843
Due to a related party	3,713	27,299	3,266	3,299
Short-term borrowings	231,722	497,778	-	-
Income tax payables	2,317	2,317	-	-
	<u>513,708</u>	<u>569,565</u>	<u>6,048</u>	<u>6,278</u>
Net current assets	<u>120,232</u>	<u>126,791</u>	<u>(6,012)</u>	<u>(5,317)</u>
Net assets	<u>362,440</u>	<u>359,750</u>	<u>278,265</u>	<u>278,960</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	5,972	5,934	6,918	6,861
Accumulated profits (losses)	61,020	58,368	(8,439)	(7,687)
Equity attributable to equity holders of the Company	<u>362,440</u>	<u>359,750</u>	<u>278,265</u>	<u>278,960</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 2011		As at 31 December 2010	
	Secured	Unsecured	Secured	Unsecured
Bank borrowings				
- short-term loan	198,806	-	123,397	-
- trust receipts	32,916	-	374,381	-
	<u>231,722</u>	<u>-</u>	<u>497,778</u>	<u>-</u>

Amount repayable after one year

None.

Details of any collateralAs at 31 March 2011

The short-term loan of RMB 50 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 148.8 million are secured by fixed deposits pledged with financial institutions.

The trust receipt facility of RMB 24 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 trust receipt facility of RMB 8.9 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 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.

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 2011

(RMB'000)	First quarter ended	
	31 March 2011 (Unaudited)	31 March 2010 (Unaudited)
Operating activities		
Profit before income tax	2,653	1,565
Adjustments for:		
Depreciation of property, plant and equipment	2,775	2,710
Fair value loss/(gain) on derivative financial instruments	644	(211)
Interest income	(1,866)	(2,300)
Interest expense	3,367	3,259
Operating profit before movements in working capital	7,573	5,023
Inventories	70,930	215,111
Trade and other receivables	6,302	3,641
Due from related parties	(31,002)	21,695
Notes receivables	(15,000)	-
Trade and other payables	232,735	(269,420)
Due to related parties	414	-
Cash from/(used in) operations	271,952	(23,950)
Interest paid	(2,961)	(3,259)
Interest received	1,956	1,114
Net cash from/(used in) operating activities	270,947	(26,095)
Investing activities		
Purchase of property, plant and equipment	(36,025)	(46)
Pledged fixed deposits	53,921	29,923
Net cash from investing activities	17,896	29,877
Financing activities		
Proceeds from bank borrowings	148,111	280,340
Repayments of bank borrowings	(414,167)	(251,868)
Net cash (used in) from financing activities	(266,056)	28,472
Net effect of exchange rate changes on the balance of cash held in foreign currencies	38	1
Net increase in cash and cash equivalents	22,787	32,255
Cash and cash equivalents at beginning of the financial period	42,365	226,820
Cash and cash equivalents at end of the financial period	65,190	259,075

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 2011

The Group

(RMB'000)	Share capital	Share premium	Statutory reserve	Foreign currency translation reserve	Accumulated profits	Total equity
Balance at 1 January 2010	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
Total comprehensive income for the period	-	-	-	64	5,797	5,861
Balance at 31 December 2010	149,488	130,298	15,662	5,934	58,368	359,750
Total comprehensive income for the period	-	-	-	38	2,652	2,690
Balance at 31 March 2011	149,488	130,298	15,662	5,972	61,020	362,440

The Company

(RMB'000)	Share capital	Share premium	Foreign currency translation reserve	Accumulated losses	Total equity
Balance at 1 January 2010	149,488	130,298	6,739	(4,907)	281,618
Total comprehensive loss for the period	-	-	-	(73)	(73)
Balance at 31 March 2010	149,488	130,298	6,739	(4,980)	281,545
Total comprehensive income/(loss) for the	-	-	122	(2,707)	(2,585)
Balance at 31 December 2010	149,488	130,298	6,861	(7,687)	278,960
Total comprehensive income/(loss) for the	-	-	57	(752)	(695)
Balance at 31 March 2011	149,488	130,298	6,918	(8,439)	278,265

- 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 2011 and no outstanding convertibles or treasury shares held as at 31 March 2011.

- 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 2011 and 31 December 2010 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 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.**

None.

6. **Earnings 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 2011	31 March 2010
	(Unaudited)	(Unaudited)
Earnings per share – basic (RMB cents)	0.69	0.41

Basic earning per ordinary share for the first quarter ended 31 March 2011 and 31 March 2010 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	As at	As at	As at
	31 March	31 December	31 March	31 December
	2011	2010	2011	2010
NAV per share (RMB cents)	94.56	93.86	72.60	72.78

The net asset values per ordinary share as at 31 March 2011 and 31 December 2010 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 2011 ("1Q2011") as compared to that of the first quarter ended 31 March 2010 ("1Q2010")

Revenue

Revenue increased by approximately 6.60% or RMB 23.7 million due mainly to the higher average selling price as compared to 1Q2010, and there is a little decrease of sales volume from 67,267 tonnes in 1Q2010 to 65,041 tonnes in 1Q2011.

Gross Profit

Gross profit decreased by RMB 1.78 million as compared to 1Q2010. Correspondingly, gross profit margin reduced from 4.7% to 3.94% on the back of decreased sales volume and higher import costs.

Other operating income

Other operating income decreased by RMB 1.85 million or 30.87% compared to 1Q 2010 mainly due to decrease of interest income of RMB 0.43 million and decrease in freight income of RMB1.60 million, partially offset by the increase of foreign exchange gain of RMB0.50 million.

Operating expenses

Operating expenses decreased by RMB4.82 million or 26.73% due mainly to:

- (i) Selling and distribution expenses decreased by approximately RMB6.42 million or 45.42% mainly due to decrease in marine freight of RMB6.82 million, partially offset by an increase of MV rental RMB0.48 million.
- (ii) Administrative expenses increased by RMB0.86 million or 24.48% due mainly to increase in letter of credit application fee of RMB0.14 million, increase in the salary and staff welfare of RMB0.28 million and increase in the entertainment expenses of RMB0.14 million.
- (iii) Other operating expenses increased by RMB0.73 million due mainly to the increase in the fair value losses of RMB0.64 million.

Finance cost

Finance costs increased by approximately RMB0.11 million or 3.3% mainly due to an increase 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 2011 and the Group's Financial Position as at 31 December 2010**

Non-current assets included a new vessel under construction valued at RMB 108 million, total cost of which is RMB 115 million, and the vessel was in the process of trial voyage on 31 March 2011.

Current assets decreased by approximately RMB62.4 million or 8.96% from RMB696.4 million as at 31 December 2010 to RMB 633.9 million as at 31 March 2011 mainly due to decrease in inventories of RMB70.9 million, decrease of fixed deposits of RMB53.9 million, and trade and other receivables of 6.4 million, partially offset by the increase in notes receivables of RMB15 million, increase in cash and bank balances of RMB22.8 million and amount due from related parties of RMB31 million.

Current liabilities decreased by approximately RMB55.8 million or 9.81% from RMB569.6 million as at 31 December 2010 to RMB513.7 million as at 31 March 2011 mainly due to decrease in short term borrowings of 266.1 million, decrease in due to related parties of RMB23.6 million, mainly offset by increase in the trade and other payables of RMB233.8 million.

Review of the Group's Cash Flow Statements for 1Q2011

Net cash from operating activities amounted to approximately RMB270.9 million due mainly to net profit before income tax of RMB2.7 million, after adding non-cash items of RMB4.9 million and the net cash inflow of working capital of RMB264.4 million, partially offset by net interest payment of RMB1.0 million. Net cash inflows from working capital arose from a increase in trade and other payables of RMB 232.8 million, decrease in the inventories of RMB70.9 million, decrease in the trade and other receivables of RMB6.3 million, partially offset by the increase of due from related parties of RMB31 million and increase in the notes receivables of RMB15 million.

Net cash from investing activities amounted to RMB17.9 million mainly due to decrease in pledged fixed deposits of RMB53.9 million, mainly offset by the purchase of property, plant and equipment of RMB36 million.

Net cash used in financing activities amounted to RMB266.1 million mainly due to decrease 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 recovery of economy, domestic refineries expanded their production resulting domestically-produced LPG to be supplied at a lower cost. The Group faces competition from domestically produced LPG and intends to increase the purchase of domestically produced LPG to enhance competitiveness.

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 first quarter ended 31 March 2011.

13. Summary of Interested Person Transactions for the financial period ended 31 March 2011

The aggregate values of interested person transactions for the financial period ended 31 March 2011 are as follows:

Name of interested person	Aggregate value of all interested person transactions for the financial period ended 31 March 2011 (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	-	403	403
◦ Lease of LPG transportation vessel	1,339	-	-
◦ Purchase of gasoline	-	-	-
Chaozhou Huafeng (Group) Ltd			
◦ Lease of LPG transportation vehicles	-	-	73
Chaozhou Zhongkai Huafeng Energy Retail Chain Co., Ltd.			
◦ Sale of LPG	-	105,705	105,705
Chaozhou Huafeng Petroleum and Warehouse Co., Ltd.			
◦ Lease of storage tankers	-	640	640
◦ Purchase of petrol for car usage	-	-	-
Chaozhou Huafeng Refining Co., Ltd			
◦ Lease of port terminals, land use rights, office premises and staff dormitory	-	1,341	1,341
Chaozhou Kaihao Huafeng Gas Station Co., Ltd			
◦ Purchase of petrol for car usage	21	-	-
Huaneng International Trading Ltd			
◦ Lease of LPG transportation vessel	600	-	-

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 third quarter ended 30 September 2009 to be false or misleading in any material aspect.

For and on behalf of the Board of Directors
of Ouhua Energy Holdings Limited

Liang Guo Zhan
Executive Chairman

Ye Tian Shun
Executive Director

BY ORDER OF THE BOARD

Liang Guo Zhan
Executive Chairman
29 April 2011