



OUHUA ENERGY HOLDINGS LIMITED

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

Unaudited Financial Statements For The Third Quarter Ended 30 September 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 period.

UNAUDITED INCOME STATEMENT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2011

(RMB'000)	Third quarter ended			Nine months ended		
	30 September 2011	30 September 2010	% change	30 September 2011	30 September 2010	% change
Revenue	405,022	444,540	(8.89)%	1,377,755	1,273,178	8.21%
Cost of sales	(409,164)	(438,433)	(6.68)%	(1,343,323)	(1,236,321)	8.65%
Gross profit	(4,142)	6,107	(167.82)%	34,432	36,857	(6.58)%
Other operating income	5,126	211	2329.38%	14,780	14,043	5.25%
Selling and distribution expenses	(14,849)	(8,276)	79.42%	(37,440)	(34,180)	9.54%
Administrative expenses	(4,950)	(4,102)	20.67%	(14,862)	(14,105)	5.37%
Other operating expenses	(112)	(610)	(81.64)%	(1,921)	(1,393)	37.90%
Finance costs	(4,123)	(3,061)	34.69%	(11,578)	(7,670)	50.95%
Loss before income tax	(23,050)	(9,731)	136.87%	(16,589)	(6,448)	157.27%
Income tax	-	-	-	-	-	-
Loss for the financial period	(23,050)	(9,731)	136.87%	(16,589)	(6,448)	157.27%

STATEMENT OF COMPREHENSIVE INCOME/(EXPENSES) FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2011

(RMB'000)	Third quarter ended			Nine months ended		
	30 September 2011	30 September 2010	% change	30 September 2011	30 September 2010	% change
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Loss for the financial period	(23,050)	(9,731)	136.87%	(16,589)	(6,448)	157.27%
Other comprehensive income						
Foreign currency translation differences	66	14	371.43%	156	23	578.26%
Total comprehensive expenses for the period	(22,984)	(9,717)	136.53%	(16,433)	(6,425)	155.77%

Notes:

- (1) The 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:

The Group's profit before income tax has been arrived at after crediting/(charging):

(RMB'000)	Third quarter ended		% change	Nine months ended		% change
	30 September 2011 <u>(Unaudited)</u>	30 September 2010 <u>(Unaudited)</u>		30 September 2011 <u>(Unaudited)</u>	30 September 2010 <u>(Unaudited)</u>	
Depreciation of property, plant and equipment	(3,974)	(2,757)	44.14%	(10,388)	(7,992)	29.98%
Interest expense	(4,085)	(3,171)	28.82%	(11,540)	(7,670)	50.46%
Interest income	591	1,272	(53.54)%	3,953	5,881	32.78%
Foreign exchange gain/(loss)	3,577	(1,605)	(322.87)%	9,088	4,197	116.54%
Fair value gain/(loss) on currency swap contracts	1,247	(166)	(851.20)%	842	457	84.25%

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.

STATEMENT OF FINANCIAL POSITION

(RMB'000)	Group		Company	
	(Unaudited) As at 30 September 2011	(Audited) As at 31 December 2010	(Unaudited) As at 30 September 2011	(Audited) As at 31 December 2010
Non-current assets				
Property, plant and equipment	235,926	227,092	-	-
Investments in subsidiaries	-	-	284,277	284,277
Trade receivables	1,854	1,854	-	-
Deferred tax assets	4,013	4,013	-	-
	<u>241,793</u>	<u>232,959</u>	<u>284,277</u>	<u>284,277</u>
Current assets				
Inventories	152,246	228,060	-	-
Trade and other receivables	37,582	39,431	-	-
Due from subsidiaries	-	-	-	-
Due from related parties	63,339	32,714	-	-
Notes receivables	-	45,000	-	-
Short term financial investments	1,010	-	-	-
Pledged fixed deposits	77,042	308,786	-	-
Cash and cash equivalents	184,264	42,365	26	961
	<u>515,483</u>	<u>696,356</u>	<u>26</u>	<u>961</u>
Less:				
Current liabilities				
Trade and other payables	51,487	40,795	872	1,136
Derivative financial instruments	534	1,376	-	-
Due to a subsidiary	-	-	3,067	1,843
Due to a related party	10,165	27,299	3,165	3,299
Short-term borrowings	349,456	497,778	-	-
Income tax payables	2,317	2,317	-	-
	<u>413,959</u>	<u>569,565</u>	<u>7,104</u>	<u>6,278</u>
Net current assets/(liabilities)	<u>101,524</u>	<u>126,791</u>	<u>(7,078)</u>	<u>(5,317)</u>
Net assets	<u>343,317</u>	<u>359,750</u>	<u>277,199</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	6,090	5,869	7,118	6,861
Accumulated profits/(losses)	41,779	58,368	(9,705)	(7,687)
Equity attributable to equity holders of the Company	<u>343,317</u>	<u>359,750</u>	<u>277,199</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 30 September 2011		As at 31 December 2010	
	Secured	Unsecured	Secured	Unsecured
Bank borrowings				
- short-term loan	101,694	-	123,397	-
- trust receipts	247,762	-	374,381	-
	<u>349,456</u>	<u>-</u>	<u>497,778</u>	<u>-</u>

Amount repayable after one year

None.

Details of any collateralAs at 30 September 2011

The short-term loans of RMB46.69 million is secured by fixed deposits pledged with financial institutions.

The short-term loan of RMB55 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 RMB247.76 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.

STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

UNAUDITED CASH FLOW STATEMENTS

(RMB'000)	Third Quarter Ended	
	30 September 2011	30 September 2010
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Loss before income tax	(23,050)	(9,731)
Adjustments for:		
Depreciation of property, plant and equipment	3,974	2,757
Fair value (gain)/loss of financial assets	(1,248)	166
Investment gain	-	(26)
Interest income	(591)	(1,272)
Interest expense	4,085	3,171
Operating loss before working capital changes	(16,830)	(4,935)
Working capital movements:		
Inventories	(70,634)	14,578
Trade and other receivables	3,151	21,385
Due from related parties	(12,615)	(1,941)
Non-current trade receivables	-	60
Notes receivables	40,000	-
Trade and other payables	25,109	(139,027)
Due to related parties	(58)	(748)
Cash used in operations	(31,877)	(110,628)
Interest paid	(4,953)	(3,881)
Interest received	721	2,936
Net cash flows used in operating activities	(36,109)	(111,573)
Cash flows from investing activities		
Purchase of property, plant and equipment	(151)	(816)
Decrease in fixed deposits pledged	172,093	79,000
Payments to acquire financial assets	-	(100,000)
Proceeds on sale of financial assets	-	100,000
Investment gains	-	26
Net cash flows from investing activities	171,942	78,210
Cash flows from financing activities		
Proceeds from bank borrowings	310,397	324,448
Repayment of bank borrowings	(377,925)	(439,737)
Net cash flows used in financing activities	(67,528)	(115,289)
Exchange differences arising from translation of foreign entities	66	14
Net increase/ (decrease) in cash and bank balances	68,305	(148,638)
Cash and bank balances at beginning of the financial period	115,893	303,256
Cash and bank balances at end of the financial period	184,264	154,618

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.

<u>Group</u>	Share capital	Share premium	Statutory reserve	Foreign currency translation reserve	Accumulated profits	Total equity
(RMB'000)						
Balance at 1 January 2010	149,488	130,298	15,662	5,869	51,006	352,323
Total comprehensive expenses for January to March 2010	-	-	-	1	1,565	1,566
Balance at 31 March 2010	149,488	130,298	15,662	5,870	52,571	353,889
Total comprehensive (expenses)/income for April to June 2010	-	-	-	8	1,718	1,726
Balance at 30 June 2010	149,488	130,298	15,662	5,878	54,289	355,614
Total comprehensive income for July to December 2010	-	-	-	56	4,079	4,136
Balance at 31 December 2010	149,488	130,298	15,662	5,934	58,368	359,750
Total comprehensive income for January to March 2011	-	-	-	38	2,652	2,690
Balance at 31 March 2011	149,488	130,298	15,662	5,972	61,020	362,440
Total comprehensive income for April to June 2011	-	-	-	52	3,808	3,860
Balance at 30 June 2011	149,488	130,298	15,662	6,024	64,828	366,300
Total comprehensive income/(expenses) for July to September 2011	-	-	-	66	(23,049)	(22,983)
Balance at 30 September 2011	149,488	130,298	15,662	6,090	41,779	343,317

<u>Company</u>					
(RMB'000)	Share capital	Share premium	Foreign currency translation reserve	Accumulated profits/ (losses)	Total equity
Balance at 1 January 2010	149,488	130,298	6,739	(4,907)	281,618
Total comprehensive expenses for January to March 2010	-	-	-	(73)	(73)
Balance at 31 March 2010	149,488	130,298	6,739	(4,980)	281,545
Total comprehensive expenses for April to June 2010	-	-	20	(1,265)	(1,245)
Balance at 30 June 2010	149,488	130,298	6,759	(6,245)	280,300
Total comprehensive income/(expenses) for July to December 2010	-	-	102	(1,442)	(1,340)
Balance at 31 December 2010	149,488	130,298	6,861	(7,687)	278,960
Total comprehensive expenses for January to March 2011	-	-	57	(752)	(695)
Balance at 31 March 2011	149,488	130,298	6,918	(8,439)	278,265
Total comprehensive income/(expenses) for April to June 2011	-	-	80	(609)	(529)
Balance at 30 June 2011	149,488	130,298	6,998	(9,048)	277,736
Total comprehensive income/(expenses) for July to September 2011	-	-	120	(657)	(537)
Balance at 30 September 2011	149,488	130,298	7,118	(9,705)	277,199

- 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 third quarter ended 30 September 2011 and no outstanding convertibles or treasury shares held as at 30 September 2011 and 30 September 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 preceding year.**

The Company's total issued shares as at 30 September 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. 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).**

	Third quarter ended		Nine months ended	
	30 September 2011	30 September 2010	30 September 2011	30 September 2010
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

Loss per share – basic (RMB cents)	(6.01)	(2.54)	(4.33)	(1.68)
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Basic loss per ordinary share for the third quarter and nine months ended 30 September 2011 and 30 September 2010 have been calculated based on the weighted average share capital of 383,288,000 shares.

Diluted loss 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 30 September 2011	As at 31 December 2010	As at 30 September 2010	As at 31 December 2010
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
NAV per share (RMB cents)	89.57	93.86	73.32	72.78

The net asset values per ordinary share as at 30 September 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 third quarter ended 30 September 2011 ("3Q2011") as compared to that for the third quarter ended 30 September 2010 ("3Q2010")

Revenue

Revenue decreased by approximately 8.89% or RMB39.52 million in 3Q2011 due mainly to the decrease in sales volume from 93,236 tonnes in 3Q2010 to 71,544 tonnes in 3Q2011. The decline in sales volume was mainly due to the fluctuation of Customers' demand and increased competition from domestic LPG producers. These factors resulted in weaker demand for LPG.

Gross profit

Gross profit decreased by RMB10.25 million in 3Q2011 as compared to 3Q2010. Correspondingly, gross profit margin reduced from 1.37% to -1.02% on the back of decreased sales volume, higher purchased costs and low selling prices.

Other operating income

Other operating income increased by RMB4.92 million or 2329.38% mainly due to increase in the foreign exchange gain of RMB5.18 million, increase in the fair value gain of RMB0.83 million, partly offset by the decrease of interest income of RMB 0.79 million caused by reduction of fixed deposit and the decrease of subsidy income of RMB 0.27 million and decrease in the other income of RMB 0.03 million.

Operating expenses

Operating expenses increased by RMB 8.48 million or 54.95% due mainly to:

- (i) Selling and distribution expenses increased by approximately RMB 6.57 million or 79.42% mainly due to increase in marine freight of RMB 6.38 million caused by the vessel of “华昌九号” has been put into use since May 2011, increase in the MV rental of RMB 0.18 million, and increase in the storage rental of RMB 0.09 million partly offset by decrease in land freight of RMB 0.04 million and decrease in vehicle charge of RMB 0.04 million.
- (ii) Administrative expenses increased by RMB 0.85 million or 20.67% mainly due to a increase in salary and social insurance of RMB 0.26 million, increase in the entertainment expense of RMB 0.23 million and other miscellaneous expense of RMB 0.57 million partly offset by decrease in telephone charge of RMB 0.14 million and decrease in other expense of RMB 0.07 million.
- (iii) Finance costs increased by approximately RMB 1.06 million or 34.69% mainly due to an increase of bank loan interest rates.

Profit attributable to equity holders

As a result of the above, net loss attributable to equity holders recorded an increase of approximately RMB 13.32 million from RMB 9.73 million in 3Q2010 to RMB 23.05 million in 3Q2011.

(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 30 September 2011 and the Group's Financial Position as at 31 December 2010**

Current assets decreased by approximately RMB 180.88 million or 25.97% from RMB 696.36 million as at 31 December 2010 to RMB 515.48 million as at 30 September 2011 mainly due to decrease in inventories of RMB 75.81 million, notes receivables of RMB 45 million and fixed deposits of RMB 231.74 million and decrease in the trade and other receivable of RMB 1.85 million partly offset by increase in cash and cash equivalents of RMB 141.89million and increase in amounts due from related parties of RMB 30.62 million and increase in the short investment of RMB 1.01 million.

Current liabilities decreased by approximately RMB 155.6 million or 27.32% from RMB 569.57 million as at 31 December 2010 to RMB 413.96 million as at 30 September 2011 mainly due to decrease in amount due to related parties of RMB 17.13 million, and decrease in short-

term borrowings of RMB 148.32 million partly offset by increase in the trade and other payables of RMB 9.85 million.

Review of the Group's Cash Flow Statements for 3Q2011

Net cash used in operating activities amounted to approximately RMB 36.11 million due mainly to net loss before income tax of RMB 23.05 million, after adding back non-cash items of RMB 6.22 million offset by the working capital outflows of RMB 15.05 million and net interest paid of RMB 4.23 million. Cash outflows from working capital arose from an increase in inventories of RMB 70.63 million, increase in amounts due from related parties of RMB 12.62 million and decrease in the amounts due to related parties of RMB 0.06 million. The cash outflows were partially offset by cash inflows arising from decrease in trade and other receivables of RMB 3.15 million, decrease in the notes receivables of RMB 40 million and increase in the trade and other payables of RMB 25.11 million.

Net cash from in investing activities amounted to RMB 171.94 million mainly due to decrease in pledged fixed deposits of RMB 172.09 million, partly offset by the purchase of property, plant and equipment of RMB 0.15 million.

Net cash used in financing activities amounted to RMB 67.53 million mainly due to repayment 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.

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 global market and economic growth in the following months till 2012 will be full of uncertainties, due to the weakening United States economy and the European sovereign debt crisis. Meanwhile, there may be decrease in demand for fuel for industrial use due to the continued tightening of China's monetary policy has adversely affected the operation of certain small-sized and micro enterprises in PRC.

In light of the foregoing, the continued volatility of LPG prices and the potential risk of decrease in demand will bring challenges to the profitability and performance of the group. The Group will be prudent in managing business risks and controlling operating costs, and endeavor to explore more business opportunities.

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 third quarter ended 30 September 2011.

13. Summary of Interested Person Transactions for the third quarter ended 30 September 2011.

The aggregate values of interested person transactions for the third quarter ended 30 September 2011 are as follows:

Name of interested person	Aggregate value of all interested person transactions for the financial period ended 30 September 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	-	-	402
◦ 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	-	155,322	155,322
◦ Advances/loans	-	-	-
◦ Repayment of advances/loans	-	-	-
Chaozhou Huafeng Petroleum and Warehouse Co., Ltd.			
◦ Lease of storage tankers	-	1,096	1,096
◦ 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	43	-	-
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 2011 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
14 November 2011