



## OUHUA ENERGY HOLDINGS LIMITED

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

### FULL YEAR UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

#### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULLYEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income, 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 2012

(RMB'000)	31 December 2012	31 December 2011	% change
Revenue	1,800,698	1,918,962	(6.16%)
Cost of sales	(1,808,392)	(1,875,072)	(3.56%)
Gross (Loss)/profit	(7,694)	43,890	(117.53%)
Other operating income	6,146	18,996	(67.54%)
Selling and distribution expenses	(37,102)	(54,283)	(31.65%)
Administrative expenses	(23,024)	(21,744)	5.89%
Other operating expenses	(4,367)	(3,300)	32.33%
Loss from operations	(66,041)	(16,441)	300.68%
Finance costs	(16,064)	(15,426)	4.56%
Loss before income tax	(82,105)	(31,867)	157.66%
Income tax	(4,013)	-	n.m
Net loss for the financial year	(86,118)	(31,867)	170.25%

#### UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE (LOSS)/PROFIT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

(RMB'000)	31 December 2012	31 December 2011	% change
Loss for the financial year	(86,118)	(31,867)	170.25%
Other comprehensive income			
Foreign currency translation differences	7	182	(96.15%)
<b>Total comprehensive Loss for the year</b>	<b>(86,111)</b>	<b>(31,685)</b>	<b>171.78%</b>

"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. And from FY2012, the applicable income tax is 25%.

**1(a)(ii) Other information:**

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

(RMB'000)	Full Year ended		% change
	31 December 2012	31 December 2011	
Depreciation of property, plant and equipment	(15,882)	(14,319)	10.91%
Interest expense	(16,064)	(15,426)	4.14%
Interest income	3,532	4,670	(24.37%)
Foreign exchange (loss)/gain	(792)	10,561	(107.50%)
Fair value income on currency swap contracts	-	1,376	(100.00%)

**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 2012	As at 31 December 2011	As at 31 December 2012	As at 31 December 2011
<b>Non-current assets</b>				
Property, plant and equipment	217,085	232,593	-	-
Investments in subsidiaries	-	-	284,277	284,277
Trade receivables	1,859	1,677	-	-
Deferred tax assets	-	4,013	-	-
	<u>218,944</u>	<u>238,283</u>	<u>284,277</u>	<u>284,277</u>
<b>Current assets</b>				
Inventories	225,061	55,230	-	-
Trade and other receivables	72,468	46,095	-	-
Due from related parties	66,742	59,533	-	-
Notes receivables	20,000	53,750	-	-
Short term Investment	1,010	18,080	-	-
Pledged fixed deposits	199,714	175,955	-	-
Cash and cash equivalents	78,331	128,135	513	23
	<u>663,326</u>	<u>536,778</u>	<u>513</u>	<u>23</u>
Less:				
<b>Current liabilities</b>				
Trade and other payables	310,857	36,161	1,802	1,138
Due to subsidiaries	-	-	4,783	3,041
Due to a related party	4,073	3,138	4,073	3,138
Short-term borrowings	323,069	405,380	-	-
Income tax payables	2,317	2,317	-	-
	<u>640,316</u>	<u>446,996</u>	<u>10,658</u>	<u>7,317</u>
<b>Net current assets</b>	<u>23,010</u>	<u>89,782</u>	<u>(10,145)</u>	<u>(7,294)</u>
<b>Net assets</b>	<u>241,954</u>	<u>328,065</u>	<u>274,132</u>	<u>276,983</u>
<b>Shareholders' equity</b>				
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	6,123	6,116	7,214	7,171
Accumulated (losses)/ profits	(59,617)	26,501	(12,868)	(9,974)
<b>Equity attributable to equity holders of the Company</b>	<u>241,954</u>	<u>328,065</u>	<u>274,132</u>	<u>276,983</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 2012		As at 31 December 2011	
	Secured	Unsecured	Secured	Unsecured
Bank borrowings				
- short-term loan	60,786	-	158,046	-
- trust receipts	262,283	-	247,334	-
	<u>323,069</u>	<u>-</u>	<u>405,380</u>	<u>-</u>

**Amount repayable after one year**

None.

**Details of any collateral**As at 31 December 2012

The short-term loan of RMB 60.8 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.

The trust receipt facility of RMB136.1 million is secured by fixed deposits.

The trust receipt facility of RMB126.2 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 2011

The short-term loan of RMB 55 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 RMB103 million are secured by fixed deposits pledged with financial institutions.

The trust receipt facility of RMB214 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 RMB33 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.**

**THE FINANCIAL YEAR ENDED 31 December**

**UNAUDITED CONSOLIDATED CASH FLOW STATEMENTS**

<b>(RMB'000)</b>	<b>31 December 2012</b>	<b>31 December 2011</b>
<b>Cash flows from operating activities</b>		
Loss before income tax	(82,105)	(31,867)
Adjustments for:		
Depreciation of property, plant and equipment	15,882	14,319
Loss on disposal of property, plant and equipment	35	-
Fair value loss on derivative financial instruments	-	(1,376)
Interest income	(3,532)	(4,670)
Interest expense	16,064	15,363
Operating loss before working capital changes	(53,656)	(8,231)
Working capital changes:		
Inventories	(169,831)	172,830
Trade and other receivables	(25,811)	(6,644)
Due from related parties	(7,209)	(26,819)
Trade and other payables	273,658	(6,380)
Due to a related party	935	(24,161)
Notes receivables	33,750	(8,750)
Cash generated from operations	51,836	91,845
Interest paid	(15,026)	(13,617)
Interest received	2,787	4,827
Net cash from operating activities	39,597	83,055
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(408)	(19,820)
Proceed from sale/(Purchase) of held to maturity investments	17,070	(18,080)
Net cash flows from/(used in) investing activities	16,662	(37,900)
<b>Cash flows from financing activities</b>		
Pledged fixed deposits	(23,759)	132,831
Proceeds from bank borrowings	1,540,875	1,196,003
Repayment of bank borrowings	(1,623,186)	(1,288,401)
Net cash (used)/from financing activities	(106,070)	40,433
Net effect of exchange rate changes on the balance of cash held in foreign currencies	7	182
<b>Net (decrease)/increase in cash and cash equivalents</b>	(49,804)	85,770
<b>Cash and cash equivalents at beginning of the financial year</b>	128,135	42,365
<b>Cash and cash equivalents at end of the financial year</b>	78,331	128,135

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 2012 and 2011**

**The Group**

(RMB'000)	Share capital	Share premium	Statutory reserve	Foreign currency translation reserve	Accumulated Profits/(losses)	Total equity
<b>Balance at 1 January 2011</b>	149,488	130,298	15,662	5,934	58,368	359,750
Total comprehensive income/(loss) for the financial year	-	-	-	182	(31,867)	(31,685)
<b>Balance at 31 December 2011</b>	149,488	130,298	15,662	6,116	26,501	328,065
Total comprehensive income/(loss) for the financial year	-	-	-	7	(86,118)	(86,111)
<b>Balance at 31 December 2012</b>	149,488	130,298	15,662	6,123	(59,617)	241,954

**The Company**

(RMB'000)	Share capital	Share premium	Statutory reserve	Foreign currency translation reserve	Accumulated losses	Total equity
<b>Balance at 1 January 2011</b>	149,488	130,298	-	6,861	(7,686)	278,961
Total comprehensive income/(loss) for the financial year	-	-	-	310	(2,288)	(1,978)
<b>Balance at 31 December 2011</b>	149,488	130,298	-	7,171	(9,974)	276,983
Total comprehensive income/(loss) for the financial year	-	-	-	43	(2,894)	(2,851)
<b>Balance at 31 December 2012</b>	149,488	130,298	-	7,214	(12,868)	274,132

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 2012 and no outstanding convertibles or treasury shares held as at 31 December 2012 and 31 December 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 preceding year.**

The Company's total issued shares as at 31 December 2012 and 31 December 2011 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 2011.

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 ended 31 December 2012.

**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. (Loss)/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).**

31 December 2012      31 December 2011

Loss Per Share – basic (RMB cents )	(22.47)	(8.31)
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Basic Loss per ordinary share for the full year ended 31 December 2012 and 31 December 2011 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 2012	As at 31 December 2011	As at 31 December 2012	As at 31 December 2011
NAV per share (RMB cents)	63.13	85.59	71.52	72.26

The net asset values per ordinary share as at 31 December 2012 and 31 December 2011 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 2012 ("FY2012") as compared to that for the full year ended 31 December 2011 ("FY2011")**

**Revenue**

Revenue decreased by approximately 6.16% or RMB118.3 million in FY2012 mainly due to the lower sales volume compared to FY2011, the sales volume decreased from 331,697 tonnes in 2011 to 308,747 tonnes in FY2012. The decline in sales quantity was mainly due to the slow economic recovery and increased competition from domestic producers.

**Gross (loss)/profit**

Gross profit decreased by RMB51.6 million in FY2012 as compared to FY2011. Correspondingly, gross (loss)/profit margin reduced from 2.29% to negative 0.43% on the back of higher import costs in FY2012.

**Other operating income**

Other operating income decreased by RMB12.8 million or 67.54% mainly due to decrease interest income of RMB1.1 million, decrease in the foreign exchange gain of RMB10.6million, and decrease in the derivative fair value gain of RMB1.4 million, partly offset by the increase of other income of RMB0.3 million.

**Operating expenses**



Operating expenses decreased by RMB14.8 million or 18.7% due mainly to:

- (i) Selling and distribution expenses decreased by approximately RMB17.2 million or 31.65% mainly due to decrease in marine freight of RMB13.6 million resulting from the termination of leases of vessels, namely, 'Ouhua' and 'Ouhua 3' in May 2012, decrease in the storage rental of RMB1.9 million, decrease in the service fee of RMB0.7 million, decrease in the vehicle charge of RMB0.8 million, and decrease in other miscellaneous expenses of RMB0.2 million.
- (ii) Administrative expenses increased by RMB1.3 million or 5.89% mainly due to the increase in the port construction funds of RMB1.3 million levied by the government department commencing from the beginning of the year, increase in the Letter of credit application and certificate fee of RMB0.9 million, partly offset by the decrease in the entertainment expense of RMB0.4 million and decrease in the miscellaneous expenses of RMB0.5 million.
- (iii) Other operating expenses increased by RMB1.1 million or 32.33% due mainly to increases in the foreign currencies exchange loss.

#### **Finance cost**

Finance costs increased by approximately RMB0.7 million or 4.14% mainly due to an increase in interest rates for bank loans.

#### **Loss attributable to equity holders**

As a result of the above, the Group recorded a net loss attributable to equity holders of RMB86.1 million in FY2012 compare to a net loss of RMB31.9 million in FY2011.

- (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 2012 and the Group's Financial Position as at 31 December 2011**

Non-current assets decreased by approximately RMB19.3 million or 8.1% mainly due to the fixed assets depreciation and the write-off of the deferred tax assets.

Current assets increased by approximately RMB126.5 million or 23.6% from RMB536.8 million as at 31 December 2011 to RMB663.3 million as at 31 December 2012 mainly due to increase in inventories of RMB169.8 million in anticipation of the higher purchased costs in the first quarter of the next year, increase in trade and other receivables of RMB26.4 million, increase in pledged fixed deposits of RMB23.7 million and increase in amounts due from related parties of RMB7.2 million, partially offset by decrease in hold-to-maturity investment of RMB17.1 million, the decrease in notes receivables of RMB33.8 million and cash and cash equivalent of RMB49.8 million.

Current liabilities increased by approximately RMB193.3 million or 43.3% from RMB447.0 million as at 31 December 2011 to RMB640.3 million as at 31 December 2012 mainly due to increase in trade and other payables of RMB274.7 million because of the increase in the inventories and increase in amount due to related parties of RMB0.9 million, partially offset by the decrease in the short-term borrowing of RMB82.3 million.

#### **Review of the Group's Cash Flow Statements for the financial year ended 31 December 2012**

Net cash from operating activities amounted to approximately RMB39.6 million due mainly to loss before income tax of RMB82.1 million, after adding back non-cash items of RMB28.4

million, and added back the net cash inflow of working capital RMB105.5 million and partially offset net interest paid of RMB12.2 million. Net cash inflows from working capital arose from a increase in Trade and other payable of RMB273.7 million, amounts due to related parties of RMB0.9 million, decrease in notes receivables of RMB33.8 million, partially offset by an increase in inventory of RMB169.9 million, trade and other receivables of RMB25.8 million, and increase in the amount due from related parties of RMB7.2 million.

Net cash from investing activities amounted to RMB16.7 million mainly due to purchase of property, plant and equipment of RMB0.4 million and proceeds from the hold-to-maturity investments of RMB17.1 million

Net cash used in financing activities amounted to RMB106.1 million mainly due to increase in pledged fixed deposits of RMB23.8 million and net repayment of bank borrowing of RMB82.3 million.

**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 2013 will be full of uncertainties, due to the weakening United States economy and the European sovereign debt crisis. Meanwhile, there may be a decrease in demand for fuel for industrial use due to the tightening of China's monetary policy which unexpectedly but actually hinders the operation of certain small-sized and micro enterprises in the People's Republic of China.

In the light of the foregoing, the continued volatility of LPG prices and the potential risk of decrease in demand, the Group expects the next 12 months to bring challenges to the profitability and performance of the Group. The Group will continue to 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 financial year ended 31 December 2012.

**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
	2012	2011	Total
	RMB'000	RMB'000	
15(a) Sales reported for the first half year	751,220	972,733	(22.77%)
15(b) (Loss)/Profit after income tax for the first half year	(61,906)	6,461	(1,058.15%)
15(c) Sales reported for second half year	1,049,478	946,229	10.91%
15(d) Loss)after income tax reported for second half year	(24,212)	(38,327)	(36.83%)

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

	2012 US\$	2011 US\$
Proposed dividend:		
Ordinary	-	-

17. Summary of Interested Person Transactions for the financial year ended 31 December 2012.

The aggregate values of interested person transactions for the financial year ended 31 December 2012 are as follows:

Name of interested person	Aggregate value of all interested person transactions for the financial period ended 31 December 2012 (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
<b>Chaozhou Huafeng (Group) Incorporation Ltd</b>			
° Lease of LPG transportation vehicles	-	1,180	1,180
° Lease of LPG transportation vessel	1,282	-	-
<b>Chaozhou Huafeng (Group) Ltd</b>			
° Lease of LPG transportation vehicles	-	-	147
<b>Chaozhou Zhongkai Huafeng Energy Retail Chain Co., Ltd.</b>			
° Sale of LPG	-	363,316	363,316
<b>Chaozhou Huafeng Petroleum and Warehouse Co., Ltd.</b>			
° Lease of storage tankers	-	1,432	1,432
° Purchase of petrol for car usage	-	-	-
<b>Chaozhou Huafeng Refining Co., Ltd</b>			
° Lease of port terminals, land use rights, office premises and staff dormitory	-	5,364	5,364
<b>Chaozhou Kaihao Huafeng Gas Station Co., Ltd</b>			
° Purchase of petrol for car usage	269	-	-

**18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer**

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Company confirms that there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a Director, Chief Executive Officer or substantial shareholder of the Company.

**BY ORDER OF THE BOARD**

**Liang Guo Zhan**  
Executive Chairman  
1 March 2013