



OUHUA ENERGY HOLDINGS LIMITED

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

Unaudited Financial Statements For The Second Quarter Ended 30 June 2013

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY RESULTS(Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

UNAUDITED CONSOLIDATED INCOME STATEMENTS FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2013

(RMB'000)	Second quarter ended			Six months ended		
	30 June 2013	30 June 2012	% change	30 June 2013	30 June 2012	% change
Revenue	311,634	386,059	(19.28)%	531,689	751,220	(29.22)%
Cost of sales	(319,938)	(442,586)	(27.71)%	(545,670)	(768,237)	(28.97)%
Gross loss	(8,304)	(56,527)	(85.31)%	(13,981)	(17,017)	(17.84)%
Other operating income	5,861	1,320	344.02%	9,956	3,018	229.89%
Selling and distribution expenses	(7,832)	(9,920)	(21.05)%	(14,055)	(22,072)	(36.32)%
Administrative expenses	(6,757)	(5,086)	32.85%	(10,309)	(10,241)	0.66%
Other operating expenses	(1,176)	(5,127)	(77.06)%	(2,862)	(7,043)	(59.36)%
Finance costs	(1,459)	(4,312)	(66.16)%	(4,051)	(8,551)	(52.63)%
Loss before income tax	(19,667)	(79,652)	(75.31)%	(35,302)	(61,906)	(42.97)%
Income tax	-	-	-	-	-	-
Loss for the financial period	(19,667)	(79,652)	(75.31)%	(35,302)	(61,906)	(42.97)%

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(LOSS) FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2013

(RMB'000)	Second quarter ended			Six months ended		
	30 June 2013 (Unaudited)	30 June 2012 (Unaudited)	% change	30 June 2013 (Unaudited)	30 June 2012 (Unaudited)	% change
(Loss) for the financial period	(19,667)	(79,652)	(75.31)%	(35,302)	(61,906)	(42.97)%
Other comprehensive income/(expenses)						
Foreign currency translation differences	1,131	(17)	(6,752.94)%	1,144	(13)	(8,900)%
Total comprehensive income for the period	(18,536)	(79,669)	(76.73)%	(34,158)	(61,919)	(44.83)%

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 the PRC domestic enterprises and Foreign Investment Enterprises is 25% with effect from 1 January 2008. The Company's subsidiary, ChaozhouOuhua Energy Co., Ltd. was incorporated as a wholly owned foreign enterprise and is able to enjoy full exemption from the 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 immediately following three years.

1(a)(ii) Other information:

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

(RMB'000)	Second quarter ended			Six months ended		
	30 June 2013	30 June 2012	% change	30 June 2013	30 June 2012	% change
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Depreciation of property, plant and equipment	(3,463)	(3,976)	(12.90)%	(7,075)	(7,947)	(10.97)%
Interest expense	(1,459)	(4,312)	(66.16)%	(4,051)	(8,551)	(52.63)%
Interest income	548	844	(35.07)%	1,501	2,484	(39.57)%
Foreign exchange gain/(loss)	5,529	(4,326)	(227.81)%	(8,120)	(5,163)	(57.27)%
Fair value (Loss)/gain on currency swap contracts	(719)	582	(223.54)%	(168)	398	(142.21)%

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

UNAUDITED STATEMENT OF FINANCIAL POSITION

(RMB'000)	Group		Company	
	(Unaudited) As at 30 June 2013	(Audited) As at 31 December 2012	(Unaudited) As at 30 June 2013	(Audited) As at 31 December 2012
Non-current assets				
Property, plant and equipment	210,308	217,085	-	-
Investments in subsidiaries	-	-	284,277	284,277
Trade receivables	1,859	1,859	-	-
	<u>212,167</u>	<u>218,944</u>	<u>284,277</u>	<u>284,277</u>
Current assets				
Inventories	90,963	225,061	-	-
Trade and other receivables	65,177	72,468	-	-
Due from subsidiaries	-	-	-	-
Due from related parties	1,979	66,742	-	-
Notes receivables	-	20,000	-	-
Available-for-sale investments	1,010	1,010	-	-
Pledged fixed deposits	154,025	199,714	-	-
Cash and cash equivalents	100,455	78,331	373	513
	<u>413,609</u>	<u>663,326</u>	<u>373</u>	<u>513</u>
Less:				
Current liabilities				
Trade and other payables	170,598	310,857	1,630	1,802
Derivative financial instruments	168	-	-	-
Due to subsidiaries	-	-	6,105	4,783
Due to a related party	4,004	4,073	4,004	4,073
Short-term borrowings	240,892	323,069	-	-
Income tax payables	2,317	2,317	-	-
	<u>417,979</u>	<u>640,316</u>	<u>11,739</u>	<u>10,658</u>
Net current (liabilities)/assets	<u>(4,370)</u>	<u>23,010</u>	<u>(11,366)</u>	<u>(10,145)</u>
Net assets	<u>207,797</u>	<u>241,954</u>	<u>272,911</u>	<u>274,132</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	7,267	6,123	8,458	7,214
Accumulated losses	(94,918)	(59,617)	(15,333)	(12,868)
Equity attributable to equity holders of the Company	<u>207,797</u>	<u>241,954</u>	<u>272,911</u>	<u>274,132</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 June 2013		As at 31 December 2012	
	Secured	Unsecured	Secured	Unsecured
Bank borrowings				
- short-term loan	75,299	-	60,786	-
- trust receipts	165,593	-	262,283	-
	<u>240,892</u>	<u>-</u>	<u>323,069</u>	<u>-</u>

Amount repayable after one year

None.

Details of any collateralAs at 30 June 2013

The short-term loans of RMB20 million is secured by a guarantee given by Mr Liang Guo Zhan (Executive Chairman) and corporate guarantees given by several related parties.

The short-term loans amounting to RMB55.3 million are secured by fixed deposits pledged with financial institutions.

The trust receipt facility of RMB128.5 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 facilities amounting to RMB37.1 million are secured by fixed deposits pledged with financial institutions.

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 a related party.

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.

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

UNAUDITED CONSOLIDATED CASH FLOW STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013

(RMB'000)	Second Quarter Ended	
	30 June 2013 (Unaudited)	30 June 2012 (Unaudited)
Cash flows from operating activities		
Loss	(19,667)	(79,652)
Adjustments for:		
Depreciation of property, plant and equipment	3,463	3,976
Fair value loss/(gain) of financial assets	719	(582)
Interest income	(548)	(844)
Interest expense	1,459	4,312
Operating loss before working capital changes	(14,574)	(72,790)
Working capital changes:		
(Increase) decrease in:		
Inventories	(8,799)	90,247
Trade and other receivables	(25,647)	25,107
Due from related parties	11,686	(11,557)
Increase (decrease) in:		
Trade and other payables	134,791	(62,202)
Due to related parties	109	(1,510)
Cash from/(used in) operations	97,566	(32,705)
Interest paid	(2,619)	(4,814)
Interest received	665	1,241
Net cash flows from/(used in) operating activities	95,612	(36,278)
Cash flows from investing activities		
Purchase of property, plant and equipment	(256)	(326)
(Increase)/decrease in fixed deposits pledged	(45,885)	76,467
Net cash flows (used in)/from investing activities	(46,141)	76,141
Cash flows from financing activities		
Proceeds from bank borrowings	185,369	466,153
Repayment of bank borrowings	(287,553)	(392,095)
Net cash flows (used in)/from financing activities	(102,184)	74,058
Exchange differences arising from translation of foreign entities	1,131	(17)
Net (decrease)/increase in cash and bank balances	(51,582)	113,904
Cash and bank balances at beginning of the financial period	152,037	126,922
Cash and bank balances at end of the financial period	100,455	240,826

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 six months ended 30 June 2013

<u>Group</u>	Share capital	Share premium	Statutory reserve	Foreign currency translation reserve	Accumulated Profits/(losses)	Total equity
(RMB'000)						
Balance at 1 January 2012	149,488	130,298	15,662	6,116	26,501	328,065
Total comprehensive income for January to March 2012	-	-	-	4	17,745	17,749
Balance at 31 March 2012	149,488	130,298	15,662	6,120	44,246	345,814
Total comprehensive (expenses) for April to June 2012	-	-	-	(17)	(79,651)	(79,668)
Balance at 30 June 2012	149,488	130,298	15,662	6,103	(35,405)	266,146
Total comprehensive income/(expenses) for July to December 2012	-	-	-	20	(24,212)	(24,192)
Balance at 31 December 2012	149,488	130,298	15,662	6,123	(59,617)	241,954
Total comprehensive income/(expenses) for January to March 2013	-	-	-	13	(15,634)	(15,621)
Balance at 31 March 2013	149,488	130,298	15,662	6,136	(75,251)	226,333
Total comprehensive income/(expenses) for April to June 2013	-	-	-	1,131	(19,667)	(18,536)
Balance at 30 June 2013	149,488	130,298	15,662	7,267	(94,918)	207,797

Company

(RMB'000)	Share capital	Share premium	Foreign currency translation reserve	Accumulated (losses)	Totalequity
Balance at 1 January 2012	149,488	130,298	7,171	(9,974)	276,983
Total comprehensive income/(expenses) for January to March 2012	-	-	30	(565)	(535)
Balance at 31 March 2012	149,488	130,298	7,201	(10,539)	276,448
Total comprehensive (expenses) for April to June 2012	-	-	(38)	(531)	(569)
Balance at 30 June 2012	149,488	130,298	7,163	(11,070)	275,879
Total comprehensive income/(expenses) for July to December 2012	-	-	51	(1,798)	(1,747)
Balance at 31 December 2012	149,488	130,298	7,214	(12,868)	274,132
Total comprehensive income/(expenses) for January to March 2013	-	-	27	(193)	(166)
Balance at 31 March 2013	149,488	130,298	7,241	(13,061)	273,966
Total comprehensive income/(expenses) for April to June 2013	-	-	1,217	(2,272)	(1,055)
Balance at 30 June 2013	149,488	130,298	8,458	(15,333)	272,911

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 second quarter ended 30 June 2013 and no outstanding convertibles or treasury shares held as at 30 June 2013 and 30 June 2012.

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 number of the Company's total issued shares as at 30 June 2013 and 31 December 2012 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 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.

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).

	Second quarter ended		Six months ended	
	30 June 2013 (Unaudited)	30 June 2012 (Unaudited)	30 June 2013 (Unaudited)	30 June 2012 (Unaudited)
EPS – basic (RMB cents)	(5.13)	(20.78)	(9.21)	(16.15)

Basic loss per ordinary share for the second quarter and six months ended 30 June 2013 and 30 June 2012 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 30 June 2013 (Unaudited)	As at 31 December 2012 (Audited)	As at 30 June 2013 (Unaudited)	As at 31 December 2012 (Audited)
NAV per share (RMB cents)	54.21	63.13	71.20	71.52

The net asset values per ordinary share as at 30 June 2013 and 31 December 2012 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 second quarter ended 30 June 2013 ("2Q2013") as compared to that for the second quarter ended 30 June 2012 ("2Q2012")

Revenue

Revenue recorded a decrease of approximately 19.28% or RMB74.4 million in 2Q2013 mainly due to the decline in sales from 69,066 tonnes in 2Q2012 to 65,368 tonnes in 2Q2013, and the decreased average unit selling price. The decrease in sales quantity was mainly due to the economic conditions and the competitiveness with alternative energy that resulted in the decrease in the demand of LPG.

Gross loss

Gross loss decreased by RMB48.2 million or 85.3% in 2Q2013 as compared to 2Q2012. Correspondingly, gross loss margin decreased from 14.64% to 2.66% mainly due to the fluctuation of LPG purchase price which was more stable in 2Q2013 as compared to 2Q2012.

Other operating income

Other operating income increased by RMB4.5 million or 344.02% mainly due to foreign exchange gain increasing by RMB5.5 million and subsidy income increased by RMB0.2 million partially offset by the decrease in interest income of RMB 0.3 million, and decrease in fair value gain of RMB0.9 million.

Operating expenses

Operating expenses decreased by RMB4.4 million or 21.7% due mainly to:

- (i) Selling and distribution expenses decreased by approximately RMB2.1 million or 21.1% mainly due to a decrease in marine freight of RMB1.6 million, decrease in the traffic compensation of RMB0.39 million and decrease in other expense of RMB0.2 million.
- (ii) Administrative expenses increased by approximately RMB1.7 million or 32.8% mainly due to increase in the accrued expenses by Ouhua Energy Holding Limited of RMB1.4 million, increase in the Letter of credit application and certificate fee of RMB0.3 million and increase in the rental of premises of RMB0.2 million, offset by the decrease in the entertainment expenses of RMB0.2 million.
- (iii) Other Operating expenses decreased by RMB4.0 million or 77.1% mainly due to the decrease in the foreign exchange loss of RMB4.3 million resulted from the appreciation of RMB against the US dollars, offset by the other operating expenses of RMB0.3 million.

Finance cost

Finance costs decreased by approximately RMB2.9 million or 66.2% mainly due to decrease in bank loan interest rates and the average loan amounts.

Loss attributable to equity holders

As a result of the above, net loss attributable to equity holders recorded RMB19.67 million in 2Q2013.

- (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 June 2013 and the Group's Financial Position as at 31 December 2012

Current assets decreased by approximately RMB249.8 million or 37.65% from RMB663.3 million as at 31 December 2012 to RMB413.6 million as at 30 June 2013 mainly due to the decrease in the inventories of RMB134.1 million, the decrease in the trade and other receivables of RMB7.3 million, decrease in the notes receivables of RMB20.0 million, decrease in fixed deposits of RMB45.7 million and decrease in the amount due from related parties of RMB64.8 million, partially offset by the increase of cash and cash equivalents of RMB22.1 million.

Current liabilities decreased by approximately RMB222.3 million or 34.7% from RMB640.3 million as at 31 December 2012 to RMB418.0 million as at 30 June 2013 mainly due to the decrease in the trade and other payables of RMB140.2 million and decrease in the bank borrowings of RMB82.1 million.

Review of the Group's Cash Flow Statements for 2Q2013

Net cash from operating activities amounted to approximately RMB95.6 million mainly due to loss of RMB19.7 million, after adding back non-cash items of RMB5.1 million and the working

capital inflows of RMB112.1 million and offset by the net interest paid of RMB1.9 million. Cash inflows from working capital arose from a decrease in the amounts due from related parties of RMB11.7 million, increase in the Trade and other payables of RMB134.8 million. The cash inflows were partially offset by the increase in the Inventories of RMB8.8 million and increase in the trade and other receivables of RMB25.6 million.

Net cash used in investing activities amounted to RMB46.1 million mainly due to increase in pledged fixed deposits of RMB45.9 million and amounts used in investing in property, plant and equipment of 0.2 million.

Net cash used in financing activities amounted to RMB102.2 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 economic outlook may have improved recently but the LPG market remains to be challenging due to the strong competition from the alternative energy and weak demand from the Group's major customers, namely the ceramics manufactures in the People's Republic of China.

In view of the foregoing, the Group envisages that the next 12 months will 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 endeavour 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 second quarter ended 30 June 2013.

13. Summary of Interested Person Transactions for the second quarter ended 30 June 2013.

The aggregate values of interested person transactions for the second quarter ended 30 June 2013 are as follows:

Name of interested person	Aggregate value of all interested person transactions for the financial period ended 30 June 2013 (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
ChaozhouHuafeng (Group) Incorporation Ltd			
° Lease of LPG transportation vehicles	-	-	303
ChaozhouZhongkaiHuafeng Energy Retail Chain Co., Ltd.			
° Sale of LPG	-	49,067	49,067
ChaozhouHuafeng Petroleum and Warehouse Co., Ltd.			
° Lease of storage tankers	-	-	319
° Purchase of petrol for car usage	-	-	-
ChaozhouHuafeng Refining Co., Ltd			
° Lease of port terminals, land use rights, office premises and staff dormitory	-	1,341	1,341
ChaozhouKaihaoHuafeng Gas Station Co., Ltd			
° Purchase of petrol for car usage	34	-	-

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, 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 second quarter ended 30 June 2013 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 August 2013