



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 2013

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR 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 STATEMENT OF COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

(RMB'000)	31 December 2013	31 December 2012	% change
Revenue	1,375,243	1,800,698	-23.6%
Cost of sales	<u>(1,370,804)</u>	<u>(1,808,392)</u>	-24.2%
Gross profit/(loss)	4,439	(7,694)	-157.7%
Other operating income	18,320	6,146	198.1%
Selling and distribution expenses	(34,449)	(37,102)	-7.2%
Administrative expenses	(19,799)	(23,024)	-14.0%
Other operating expenses	<u>(5,628)</u>	<u>(4,367)</u>	28.9%
Loss from operations	(37,117)	(66,041)	-43.8%
Finance costs	<u>(14,223)</u>	<u>(16,064)</u>	-11.5%
Loss before income tax	(51,340)	(82,105)	-37.5%
Income tax	<u>-</u>	<u>(4,013)</u>	-100.0%
Loss for the financial year	<u>(51,340)</u>	<u>(86,118)</u>	-40.4%
Other comprehensive income			
Foreign currency translation differences	<u>4</u>	<u>7</u>	-42.9%
Total comprehensive Loss for the year	<u>(51,336)</u>	<u>(86,111)</u>	-40.4%

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 2013	31 December 2012	
Depreciation of property, plant and equipment	13,998	15,882	-11.9%
Interest expense	11,837	16,064	-26.3%
Interest income	(3,078)	(3,532)	-12.9%
Foreign exchange (gain)/ loss	(14,243)	792	-26.3%
Fair value loss from financial instrument	2,386	-	nm

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 2013	As at 31 December 2012	As at 31 December 2013	As at 31 December 2012
Non-current assets				
Property, plant and equipment	203,417	217,085	-	-
Investments in subsidiaries	-	-	176,277	284,277
Trade receivables	1,739	1,859	-	-
Deferred tax assets	-	-	-	-
	<u>205,156</u>	<u>218,944</u>	<u>176,277</u>	<u>284,277</u>
Current assets				
Inventories	117,400	225,061	-	-
Trade and other receivables	61,956	72,468	119	-
Due from related parties	41,806	66,742	-	-
Margin deposit with broker	10,316	-	10,316	-
Notes receivables	-	20,000	-	-
Held to maturity investment	80,312	-	-	-
Available for sales	1,010	1,010	-	-
Pledged fixed deposits	76,161	199,714	-	-
Cash and cash equivalents	204,628	78,331	297	513
	<u>593,589</u>	<u>663,326</u>	<u>10,732</u>	<u>513</u>
Less:				
Current liabilities				
Trade and other payables	65,414	310,857	1,734	1,802
Due to subsidiaries	-	-	18,590	4,783
Due to a related party	3,921	4,073	3,921	4,073
Short-term borrowings	535,904	323,069	-	-
Derivative financial liability	571	-	-	-
Income tax payables	2,317	2,317	-	-
	<u>608,127</u>	<u>640,316</u>	<u>24,245</u>	<u>10,658</u>
Net current (liabilities)/ assets	<u>(14,538)</u>	<u>23,010</u>	<u>(13,513)</u>	<u>(10,145)</u>
Net assets	<u>190,618</u>	<u>241,954</u>	<u>162,764</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	6,127	6,123	7,652	7,214
Accumulated losses	(110,957)	(59,617)	(124,674)	(12,868)
Equity attributable to equity holders of the Company	<u>190,618</u>	<u>241,954</u>	<u>162,764</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 31 December 2013		As at 31 December 2012	
	Secured	Unsecured	Secured	Unsecured
Bank borrowings				
- short-term loan	102,953	-	60,786	-
- trust receipts	432,951	-	262,283	-
	<u>535,904</u>	<u>-</u>	<u>323,069</u>	<u>-</u>

Amount repayable after one year

None.

Details of any collateralAs at 31 December 2013

The short-term loan of RMB 103.0 million is secured by a mortgage over six 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 433 million is secured by fixed deposits and guarantee given by Mr Liang Guo Zhan (Executive Chairman) and corporate guarantees given by several related parties.

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 RMB 262.2 million is secured by fixed deposits and guarantee given by Mr Liang Guo Zhan (Executive Chairman) and corporate guarantees given by several related parties.

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

THE FINANCIAL YEAR ENDED 31 December

(RMB'000)	31 December 2013	31 December 2012
Cash flows from operating activities		
Loss before income tax	(51,340)	(82,105)
Adjustments for:		
Depreciation of property, plant and equipment	13,998	15,882
Loss on disposal of property, plant and equipment	-	35
Unrealised fair value loss from derivative financial instruments	1,851	-
Interest income	(3,078)	(3,532)
Interest expense	11,837	16,064
Operating loss before working capital changes	<u>(26,732)</u>	<u>(53,656)</u>
Working capital changes:		
Inventories	107,661	(169,831)
Trade and other receivables	9,006	(25,811)
Due from related parties	13,340	(7,209)
Trade and other payables	20,000	273,658
Due to a related party	(245,443)	935
Notes receivables	(152)	33,750
Cash generated from operations	(122,320)	51,836
Interest paid	(11,837)	(15,026)
Interest received	4,704	2,787
Net cash (used in)/ from operating activities	<u>(129,453)</u>	<u>39,597</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(330)	(408)
Proceed from (purchase)/ sale of Held to maturity investments	(80,312)	17,070
Net cash flows (used in)/ from investing activities	<u>(80,642)</u>	<u>16,662</u>
Cash flows from financing activities		
Decrease/ (increase) in pledged fixed deposits	123,553	(23,759)
Proceeds from bank borrowings	1,221,483	1,540,875
Repayment of bank borrowings	(1,008,648)	(1,623,186)
Net cash from/ (used) financing activities	<u>336,388</u>	<u>(106,070)</u>
Exchange differences arising from translation of foreign entities	4	7
Net increase/ (decrease) in cash and cash equivalents	126,297	(49,804)
Cash and cash equivalents at beginning of the financial year	78,331	128,135
Cash and cash equivalents at end of the financial year	<u>204,628</u>	<u>78,331</u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Unaudited statement of changes in equity for the financial year ended 31 December 2013 and 2012

<u>The Group</u>						
(RMB'000)	Share capital	Share premium	Statutory reserve	Foreign currency translation reserve	Accumulated Profits/(losses)	Total equity
Balance at 1 January 2012	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)
Balance at 31 December 2012	149,488	130,298	15,662	6,123	(59,617)	241,954
Total comprehensive income/(loss) for the financial year	-	-	-	4	(51,340)	(51,336)
Balance at 31 December 2013	149,488	130,298	15,662	6,127	(110,957)	190,618

<u>The Company</u>						
(RMB'000)	Share capital	Share premium	Statutory reserve	Foreign currency translation reserve	Accumulated losses	Total equity
Balance at 1 January 2012	149,488	130,298	-	7,171	(9,974)	276,983
Total comprehensive income/(loss) for the financial year	-	-	-	43	(2,894)	(2,851)
Balance at 31 December 2012	149,488	130,298	-	7,214	(12,868)	274,132
Total comprehensive income/(loss) for the financial year	-	-	-	438	(111,806)	(111,368)
Balance at 31 December 2013	149,488	130,298	-	7,652	(124,674)	162,764

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 2013 and no outstanding convertibles or treasury shares held as at 31 December 2013 and 31 December 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 Company's total issued shares as at 31 December 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 2013.

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 2013.

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 2013	31 December 2012
Loss Per Share – basic (RMB cents)	(13.39)	(22.47)

Basic Loss per ordinary share for the full year ended 31 December 2013 and 31 December 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 31 December 2013	As at 31 December 2012	As at 31 December 2013	As at 31 December 2012
NAV per share (RMB cents)	49.73	63.13	42.74	71.52

The net asset values per ordinary share as at 31 December 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 full year ended 31 December 2013 ("FY2013") as compared to that for the full year ended 31 December 2012 ("FY2012")

Revenue

Revenue decreased by approximately 23.6% or RMB425.5 million in FY2013 mainly due to the lower sales volume compared to FY2012, the sales volume decreased from approximately 308,700 tonnes in 2012 to 260,200 tonnes in FY2013. Export sales declined from 56,200 tonnes to 25,200 tonnes during the year.

The decline in sales volume was mainly due to the slow economic recovery and increased competition from alternative energy sector, especially the LNG ("Liquefied natural gas") in domestic market, become a cheaper alternative to LPG and the decrease in average selling price. Another contributing factor is due to the typhoon affecting the area during the last

quarter 2013, putting restrictions on export shipment.

Gross profit/(loss)

Gross profit increased by RMB 12.13 million in FY2013 as compared to FY2012. Correspondingly, gross profit/ (loss)/ margin improved from negative 0.43% to positive 0.32% due to better control of purchasing LPG raw materials compared to prior year.

Other operating income

Other operating income increased by RMB12.2 million or 198.1% mainly due to exchange gain of RMB 14.2 million as a result of strengthening of RMB to USD during the year. (from 6.2855 at beginning of the year to 6.097 at end of year).

This is partly offset by the decrease of investment income of RMB0.40 million, decrease in interest income of RMB 0.45 million and government subsidy income of RMB 1.08 million.

Operating expenses

Operating expenses decreased due mainly to:

- (i) Selling and distribution expenses decreased by approximately RMB 2.6 million or 7.2% mainly due to decrease in tugboat charges of RMB 1.3 million, decrease in the vehicle charge of RMB1.4 million, commission fee of RMB 0.2 million, vehicle expenses of RMB 0.2 million and salary and service fees of RMB 0.3 million. This is offset by the increase in marine freight of RMB0.7 million.
- (ii) Administrative expenses decreased by RMB3.2 million or 17.7% mainly due to the decrease of entertainment expense of RMB 0.9 million, decrease in port construction and maintenance of RMB 0.6 million, decrease in stamp duty of RMB 0.3 million due to lower transactions, decrease of corporate expenses such as meeting fee and legal fees of RMB 0.7 million, and decrease in other expenses of RMB 1.0 million such as travelling, utilities and telephones.

Finance cost

Finance costs decreased by approximately RMB1.8 million or 11.5% mainly due to a decrease in interest expense of RMB 4.2 million for bank loans, partially offset by the fair value loss of RMB 2.4 million.

Loss attributable to equity holders

As a result of the above, the Group recorded a net loss attributable to equity holders of RMB51.3 million in FY2013 compare to a net loss of RMB 86.1 million in FY2012.

- (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 2013

Non-current assets decreased by approximately RMB13.8 million or 6.3% mainly due to the fixed assets depreciation.

Current assets decreased by approximately RMB69.7 million or 10.5% in FY 2013 from RMB 663.3 million to RMB 593.6 million mainly due to decrease of notes and related party

receivables of RMB 44.9 million, decrease in inventories of RMB107.7 million as a results of lower sales during the next year, partially offset by the increase in Available For Sales of RMB 80.3 million.

Current liabilities decreased by approximately RMB 32.2 million or 5% in FY 2013 from RMB 640.3 million to RMB 608.1 million mainly due to the decrease in trade and other payables of RMB 245.4 million, partially offset by the increase in the short-term borrowing of RMB 212.8 million.

Review of the Group's Cash Flow Statements for the financial year ended 31 December 2013

Net cash used in operating activities amounted to approximately RMB 129.5 million due mainly to loss before income tax of RMB51.3 million, after adding back non-cash items of RMB24.6 million, and added back the net cash outflow of working capital RMB95.6 million and interest paid of RMB7.1 million.

Net cash inflows from working capital arose from a increase in inventories of RMB 107.7 million, trade and other payable of RMB 9.0 million, amounts due to related parties of RMB13.3 million, trade and other payable of RMB 20.0 million, partially offset by the decrease in due to related parties of RMB 245.4 million.

Net cash used investing activities amounted to RMB 80.6 million mainly due to purchase of short term fund classified as assets held for sales amounting to RMB 80.3 million.

Net cash from financing activities amounted to RMB 336.4 million mainly due to decrease in pledged fixed deposits of RMB 123.5 million, and net proceeds of bank borrowing of RMB 212.8 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.

In light of the slowdown of the Chinese economy and the decrease in the domestic demand for liquefied petroleum gas (LPG) products, the LPG market is expected to be uncertain in the next 12 months. Nonetheless, the newly-opened LPG processing enterprises in China may contribute to boost the market demand for LPG as raw materials.

In view of the foregoing, the Group will endeavour to expand its LPG sales channels and raise its sales revenue, as well as explore other 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 2013.

**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
	2013	2012	Total
	RMB'000	RMB'000	
15(a) Sales reported for the first half year	531,698	751,220	-29.22%
15(b) Loss after income tax for the first half year	(35,302)	(61,906)	-42.97%
15(c) Sales reported for second half year	843,545	1,049,478	-19.62%
15(b) Loss after income tax for the second half year	(16,038)	(24,212)	-33.76%

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

	2013	2012
Proposed dividend:	US\$	US\$
Ordinary	-	-

17. Summary of Interested Person Transactions for the financial year ended 31 December 2013.

The aggregate values of interested person transactions for the financial year ended 31 December 2013 are as follows:

Name of interested person	Aggregate value of all interested person transactions for the financial period ended 31 December 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
Chaozhou Huafeng (Group) Incorporation Ltd			
◦ Lease of LPG transportation vehicles	-	994	994
◦ Lease of LPG transportation vessel	1,369	-	-
Chaozhou Huafeng (Group) Ltd			
◦ Lease of LPG transportation vehicles	-	-	147
Chaozhou Zhongkai Huafeng Energy Retail Chain Co., Ltd.			
◦ Sale of LPG	-	216,690	216,690
Chaozhou Huafeng Petroleum and Warehouse Co., Ltd.			
◦ Lease of storage tankers	-	1,636	1,636
Chaozhou Huafeng Refining Co., Ltd			
◦ Lease of port terminals, land use rights, office premises and staff dormitory	-	5,364	5,364
Chaozhou Kaihao Huafeng Gas Station Co., Ltd			
◦ Purchase of petrol for car usage	152	-	-

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
28 February 2014