



OUHUA ENERGY HOLDINGS LIMITED

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

Unaudited Financial Statements For The First Quarter Ended 31 March 2015

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY 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 year.**

UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2015

(RMB'000)	First quarter ended		% change
	31 March 2015	31 March 2014	
Revenue	345,050	623,567	(44.67)%
Cost of sales	(305,880)	(638,754)	(52.11)%
Gross profit/(loss)	39,170	(15,187)	357.92%
Other operating income	194	1,596	(87.84)%
Selling and distribution expenses	(6,707)	(11,062)	(39.37)%
Administrative expenses	(5,122)	(5,061)	(1.21)%
Other operating expenses	(3,971)	(8,554)	(53.58)%
Finance costs	(5,458)	(4,021)	35.74%
Profit/(Loss) before income tax	18,106	(42,289)	142.81%
Income tax expense	-	-	
Profit/(Loss) for the financial period	18,106	(42,289)	142.81%

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS FOR THE THREE MONTHS ENDED 31 MARCH 2015

(RMB'000)	First quarter ended		% change
	31 March 2015	31 March 2014	
Profit/(Loss) for the financial period	18,106	(42,289)	142.81%
Other comprehensive income			
Foreign currency translation differences	52	75	(30.67)%
Total comprehensive income/(loss) for the period	18,158	(42,214)	143.01%

Notes:

- (1) The consolidated financial statements of the Group have been prepared in accordance with the 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-owned foreign enterprise and is able to enjoy full exemption from PRC income tax for the first two years commencing from its first profitable year (FY2007) and thereafter entitled to a 50% exemption from the PRC income tax for the next three years.

1(a)(ii) Other information:

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

(RMB'000)	First quarter ended		% change
	31 March 2015 (Unaudited)	31 March 2014 (Unaudited)	
Depreciation of property, plant and equipment	(3,412)	(3,403)	0.26%
Interest expense	(5,458)	(4,018)	35.84%
Interest income	50	371	(86.52)%
Foreign exchange gain/(loss)	(3,858)	(2,879)	34.00%
Fair value loss on derivative financial instruments	-	(4,998)	(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	
	(Unaudited) As at 31 March 2015	(Audited) As at 31 December 2014	(Unaudited) As at 31 March 2015	(Audited) As at 31 December 2014
Non-current assets				
Property, plant and equipment	184,428	187,383	-	-
Investments in subsidiaries	-	-	156,277	156,277
	<u>184,428</u>	<u>187,383</u>	<u>156,277</u>	<u>156,277</u>
Current assets				
Inventories	57,736	63,029	-	-
Trade and other receivables	29,427	73,258	84	121
Due from related parties	62,309	56,727	-	-
Available-for-sale investments	-	65,010	-	-
Pledged fixed deposits	8,989	42,084	-	-
Margin deposits	1,376	1,389	1,376	1,389
Cash and cash equivalents	205,683	21,500	152	643
	<u>365,520</u>	<u>322,997</u>	<u>1,612</u>	<u>2,153</u>
Less:				
Current liabilities				
Trade and other payables	113,119	162,207	3,812	3,551
Due to subsidiaries	-	-	18,869	22,053
Due to a related party	3,319	4,018	3,319	4,018
Short-term borrowings	378,908	307,711	-	-
Income tax payables	2,317	2,317	-	-
	<u>497,663</u>	<u>476,253</u>	<u>26,000</u>	<u>29,622</u>
Net current liabilities	<u>(132,143)</u>	<u>(153,256)</u>	<u>(24,388)</u>	<u>(27,469)</u>
Net assets	<u>52,285</u>	<u>34,127</u>	<u>131,889</u>	<u>128,808</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	6,157	6,105	10,389	7,154
Accumulated losses	(249,320)	(267,426)	(158,286)	(158,132)
Equity attributable to equity holders of the Company	<u>52,285</u>	<u>34,127</u>	<u>131,889</u>	<u>128,808</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)	<u>As at 31 March 2015</u>		<u>As at 31 December 2014</u>	
	Secured	Unsecured	Secured	Unsecured
Bank borrowings				
- short-term loan	156,258	-	230,000	-
- trust receipts	222,650	-	77,711	-
	<u>378,908</u>	<u>-</u>	<u>307,711</u>	<u>-</u>

Amount repayable after one year

None.

Details of any collateralAs at 31 March 2015

The short-term loan of RMB 156.26 million is secured by a mortgage over six of the Group's refrigerated storage tanks, a vessel named 'Ouhua XI', a personal guarantee given by Mr Liang Guo Zhan (Executive Chairman) and a corporate guarantee given by several related parties.

The trust receipt facility of RMB 222.65 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 2014

The short-term loan of RMB 230 million is secured by a mortgage over six of the Group's refrigerated storage tanks, a vessel named 'Ouhua XI', a personal guarantee given by Mr Liang Guo Zhan (Executive Chairman) and a corporate guarantee given by several related parties.

The trust receipt facility of RMB 77.71 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.

UNAUDITED CONSOLIDATED CASH FLOWS STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2015

(RMB'000)	First quarter ended	
	31 March 2015 (Unaudited)	31 March 2014 (Unaudited)
Operating activities		
Profit/(Loss) before income tax	18,106	(42,289)
Adjustments for:		
Depreciation of property, plant and equipment	3,535	3,462
Fair value loss on derivative financial instruments	-	1,280
Interest income	(50)	(371)
Interest expense	5,458	4,021
Operating profit/(loss) before movements in working capital	27,049	(33,897)
Inventories	5,293	59,040
Trade and other receivables	43,832	2,141
Due from related parties	(5,582)	(8,735)
Margin deposit	13	-
Trade and other payables	(49,087)	132,336
Due to related parties	(699)	112
Cash from operations	20,819	150,997
Interest paid	(5,458)	(4,021)
Interest received	50	866
Net cash from operating activities	15,411	147,842
Investing activities		
Purchase of property, plant and equipment	(581)	(44)
Proceeds of available-for-sale investments	65,010	49,666
Net cash from investing activities	64,429	49,622
Financing activities		
Withdrawal/(Placement) of pledged fixed deposits	33,095	(65,271)
Proceeds from bank borrowings	238,339	271,466
Repayments of bank borrowings	(167,143)	(351,904)
Net cash from/(used in) financing activities	104,291	(145,709)
Net effect of exchange rate changes on the balance of cash held in foreign currencies	52	75
Net increase in cash and cash equivalents	184,183	51,830
Cash and cash equivalents at beginning of the financial period	21,500	204,628
Cash and cash equivalents at end of the financial period	205,683	256,458

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

Unaudited statement of changes in equity for the three months ended 31 March 2015

The Group

(RMB'000)	Share capital	Share premium	Statutory reserve	Foreign currency translation reserve	Accumulated losses	Total equity
Balance at 1 January 2014	149,488	130,298	15,662	6,127	(110,957)	190,618
Total comprehensive income for the period	-	-	-	75	(42,289)	(42,214)
Balance at 31 March 2014	149,488	130,298	15,662	6,202	(153,246)	148,404
Total comprehensive expense for the period	-	-	-	(97)	(114,180)	(114,277)
Balance at 31 December 2014	149,488	130,298	15,662	6,105	(267,426)	34,127
Total comprehensive income for the period	-	-	-	52	18,106	18,158
Balance at 31 March 2015	149,488	130,298	15,662	6,157	(249,320)	52,285

The Company

(RMB'000)	Share capital	Share premium	Foreign currency translation reserve	Accumulated losses	Total equity
Balance at 1 January 2014	149,488	130,298	7,652	(124,674)	162,764
Total comprehensive loss for the period	-	-	(288)	(5,267)	(5,555)
Balance at 31 March 2014	149,488	130,298	7,364	(129,941)	157,209
Total comprehensive loss for the period	-	-	(210)	(28,191)	(28,401)
Balance at 31 December 2014	149,488	130,298	7,154	(158,132)	128,808
Total comprehensive income for the period	-	-	3,235	(154)	3,081
Balance at 31 March 2015	149,488	130,298	10,389	(158,286)	131,889

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

There were no new shares issued in the first quarter ended 31 March 2015 and no outstanding convertibles or treasury shares held as at 31 March 2015 and 31 March 2014.

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.

As at 31 March 2015 and 31 December 2014, the Company has 383,288,000 total issued shares (excluding treasury shares) at US\$0.05 each fully paid up.

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.

The figures have not been audited or 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 2014.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

None.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-**
 (a) **Based on the weighted average number of ordinary shares on issue; and**
 (b) **On a fully diluted basis (detailing any adjustments made to the earnings).**

	First quarter ended	
	31 March 2015 (Unaudited)	31 March 2014 (Unaudited)
Earnings / (Loss) per share – basic (RMB cents)	4.72	(11.01)

The basic earnings/(loss) per ordinary share for the first quarter ended 31 March 2015 and 31 March 2014 have been calculated based on the weighted average share capital of 383,288,000 shares.

The diluted earnings/(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 31 March 2015	As at 31 December 2014	As at 31 March 2015	As at 31 December 2014
NAV per share (RMB cents)	13.64	8.9	34.41	33.61

The net asset value per ordinary share as at 31 March 2015 and 31 December 2014 are calculated using the Company's and Group's net asset values as at the end of each period divided by the outstanding share capital of 383,288,000 ordinary shares.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
 (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

Review of the Group's Performance for the first quarter ended 31 March 2015 ("1Q2015") as compared to that of the first quarter ended 31 March 2014 ("1Q2014")

Revenue

Revenue decreased by approximately 44.67% or RMB278.52 million mainly due to a decrease of average sale price of LPG from RMB5,879 per ton 1Q2014 to RMB3,642 per ton 1Q2015. This change was significantly impacted by sharp decrease of the price of crude oil in the international market place since last year which has a positive correlation with the price of LPG. The sale volume of 1Q2015 is 94,745 tones, keeping the same level as compared to the 1Q2014.

Gross Profit/ (Loss)

Gross profit increased by RMB54.36 million as compared to 1Q2014. Correspondingly, gross profit margin improved from a negative 2.44% in 1Q2014 to a positive 11.35% in 1Q2015.

Other operating income

Other operating income decreased by RMB1.4 million or 87.84% as compared to 1Q2014. This is mainly due to the decrease in the investment income of RMB1.09 million and the decrease in the interest income of RMB0.3 million, partially offset by the increase in the tugboat income of RMB0.03 million.

Operating expenses

Operating expenses decreased by RMB8.88 million or 35.97% mainly due to the following:

- (i) Selling and distribution expenses decreased by approximately RMB4.36 million or 39.37%. There has been a decrease in marine freight of RMB4.27 million caused by lesser use of LPG transportation vessels of 'Ouhua12', decrease in the storage rental of RMB0.3 million, partially offset by an increase in the vehicle charges of RMB0.06 million, increase in the tugboat charges of RMB0.06 million.
- (ii) Administrative expenses slightly increased by RMB0.06 million or 1.21%. There has been an increase in the consulting fee of RMB0.34 million, increase in port construction expenses of RMB0.05 million, partially offset by decrease in letter of credit application fee of RMB0.2 million and increase in the stamp duty of RMB0.12 million.
- (iii) Other operating expenses decreased by RMB4.58 million or 53.58%. There has been a decrease in the fair value losses of RMB4.99 million, decrease in the other expenses of RMB0.4 million, partially offset by an increase in the foreign exchange losses of RMB0.98 million.

Finance cost

Finance costs increased by approximately RMB1.44 million or 35.74% mainly due to an increase in interest expenses and the increase in the average loans from banks.

(b) Any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**Review of the Group's Financial Position as at 31 March 2015 and the Group's Financial Position as at 31 December 2014**

Current assets increased by approximately RMB42.52 million or 13.17% from RMB323 million as at 31 December 2014 to RMB365.52 million as at 31 March 2015. This is mainly due to an increase in cash and cash equivalents of RMB184 million, an increase in due to related parties of RMB5.58 million, partially offset by the decrease in available-for-sale investments of RMB65 million, a decrease in trade and other receivables of RMB43.83 million, a decrease in pledged fixed deposits of RMB33.1 million and a decrease in inventories of RMB5.3 million.

Current liabilities increased by approximately RMB21.41 million or 4.5% from RMB476.25 million as at 31 December 2014 to RMB497.66 million as at 31 March 2015. This is mainly due to an increase in short term borrowings of RMB71.2 million, partially offset by decrease in the trade and other payables of RMB49.08 million.

Review of the Group's Cash Flow Statements for 1Q2015

Net cash generated from operating activities amounted to approximately RMB15.41 million. This is mainly due to the profit before income tax of RMB18.11 million, after adding non-cash items of RMB8.94 million and net cash outflows of working capital of RMB6.23 million and net interest payment of RMB5.41 million. Net cash outflows from working capital arose from an increase in trade and other payables (excluding interest payables) of RMB49.09 million, an increase in the amounts due from related parties of RMB5.58 million, partially offset by an increase in the trade and other receivables (excluding interest receivables) of RMB43.83 million, and a decrease in the inventories of RMB5.29 million.

Net cash from investing activities amounted to RMB64.43 million due to proceeds from withdrawal of available-for-sale investments of RMB65 million.

Net cash generated from financing activities amounted to RMB104.29 million mainly due to an increase in bank borrowings.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement has previously been disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The global market and economic growth in the following months until end of 2015 will be full of uncertainties and challenges. Going forward, over the next 12 months, the international oil prices are likely to remain volatile and the lower economic growth rate for China and weaker RMB are likely to continue. These adverse external factors will continue to pose big challenges for our LPG business and our Group.

However, international oil prices having declined very substantially recently may also provide some opportunities for better economic and business conditions for China and our Group, this was evidenced by our favorable performance in first quarter of 2015. Our Group will continue to be prudent in managing our business risks, controlling our operating costs and will take advantage of all opportunities going forward to cope with all our challenges and strive to enhance our profitability as soon as possible.

11. If a decision regarding dividend has been made:-

(a) Whether an interim (final) ordinary dividend has been declared (recommended)

None.

**(b) (i) Amount per share in cents
(ii) Previous corresponding period in cents**

None.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

- (e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared or recommended for the first quarter ended 31 March 2015.

13. Summary of Interested Person Transactions for the financial period ended 31 March 2015

The aggregate values of interested person transactions for the financial period ended 31 March 2015 are as follows:

Name of interested person	Aggregate value of all interested person transactions for the financial period ended 31 March 2015 (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	-	2,333	2,333
Chaozhou Zhongkai Huafeng Energy Retail Chain Co., Ltd.			
◦ Sale of LPG	-	45,571	45,571
Chaozhou Huafeng Petroleum and Warehouse Co., Ltd.			
◦ Lease of storage tankers	-	-	-
◦ 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	17	-	-

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 of Directors which may render the unaudited financial statements for the first quarter ended 31 March 2015 to be false or misleading in any material aspect.

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

Liang Guo Zhan
Executive Chairman

Ye Tian Shun
Executive Director

BY ORDER OF THE BOARD

Liang Guo Zhan
Executive Chairman
29 April 2015