



## 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 2015

#### 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 2015

(RMB'000)	Second quarter ended			Six months ended		
	30 June 2015	30 June 2014	% change	30 June 2015	30 June 2014	% change
Revenue	447,253	633,771	(29.43)%	792,303	1,257,338	(36.99)%
Cost of sales	(427,053)	(628,235)	(32.02)%	(732,933)	(1,266,989)	(42.15)%
Gross profit/(loss)	20,200	5,536	264.88%	59,370	(9,651)	715.17%
Other operating income	3,302	2,536	30.21%	3,496	4,132	(15.39)%
Selling and distribution expenses	(5,366)	(12,783)	(58.02)%	(12,073)	(23,845)	(49.37)%
Administrative expenses	(5,629)	(6,078)	(7.39)%	(10,751)	(11,139)	(3.48)%
Other operating expenses	(4,888)	(7,591)	(35.61)%	(8,859)	(16,145)	(45.13)%
Finance costs	(5,759)	(4,529)	27.16%	(11,217)	(8,550)	31.19%
Profit/(Loss) before income tax	1,860	(22,909)	108.12%	19,966	(65,198)	130.62%
Income tax	-	-	-	-	-	-
Profit/(Loss) for the financial period	1,860	(22,909)	108.12%	19,966	(65,198)	130.62%

#### UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(LOSS) FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2015

(RMB'000)	Second quarter ended			Six months ended		
	30 June 2015 (Unaudited)	30 June 2014 (Unaudited)	% change	30 June 2015 (Unaudited)	30 June 2014 (Unaudited)	% change
<b>Profit/(Loss) for the financial period</b>	1,860	(22,909)	108.12%	19,966	(65,198)	130.62%
Other comprehensive income/(expenses)						
Foreign currency translation differences	19	(20)	195.00%	71	55	29.09%
<b>Total comprehensive income/(loss) for the period</b>	1,879	(22,929)	108.19%	20,037	(65,143)	130.76%

**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, Chaozhou Ouhua 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 2015	30 June 2014	% change	30 June 2015	30 June 2014	% change
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Depreciation of property, plant and equipment	(3,536)	(3,476)	1.73%	(6,948)	(6,803)	2.13%
Interest expense	(5,759)	(4,529)	27.16%	(11,217)	(8,550)	31.19%
Interest income	41	299	(86.29)%	91	670	(86.42)%
Foreign exchange (loss) /gain	(4,097)	(6,357)	(35.55)%	(7,955)	(9,236)	(13.87)%
Fair value loss on currency swap contracts	0	(2,158)	(100.00)%	0	(5,566)	(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 30 June 2015	(Audited) As at 31 December 2014	(Unaudited) As at 30 June 2015	(Audited) As at 31 December 2014
<b>Non-current assets</b>				
Property, plant and equipment	180,904	187,383	-	-
Investments in subsidiaries	-	-	156,277	156,277
	-	-	-	-
	<u>180,904</u>	<u>187,383</u>	<u>156,277</u>	<u>156,277</u>
<b>Current assets</b>				
Inventories	40,406	63,029	-	-
Trade and other receivables	55,428	73,258	53	121
Due from related parties	58,074	56,727	-	-
Available-for-sale investments	-	65,010	-	-
Pledged fixed deposits	12,874	42,084	-	-
Margin deposits	1,370	1,389	1,370	1,389
Cash and cash equivalents	157,249	21,500	470	643
	<u>325,401</u>	<u>322,997</u>	<u>1,893</u>	<u>2,153</u>
Less:				
<b>Current liabilities</b>				
Trade and other payables	151,853	162,207	3,637	3,551
Due to subsidiaries	-	-	18,786	22,053
Due to a related party	5,986	4,018	3,304	4,018
Short-term borrowings	291,985	307,711	-	-
Income tax payables	2,317	2,317	-	-
	<u>452,141</u>	<u>476,253</u>	<u>25,727</u>	<u>29,622</u>
<b>Net current liabilities</b>	<u>(126,740)</u>	<u>(153,256)</u>	<u>(23,834)</u>	<u>(27,469)</u>
<b>Net assets</b>	<u>54,164</u>	<u>34,127</u>	<u>132,443</u>	<u>128,808</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	6,176	6,105	11,183	7,154
Accumulated losses	(247,460)	(267,426)	(158,526)	(158,132)
<b>Equity attributable to equity holders of the Company</b>	<u>54,164</u>	<u>34,127</u>	<u>132,443</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)	As at 30 June 2015		As at 31 December 2014	
	Secured	Unsecured	Secured	Unsecured
Bank borrowings				
- short-term loan	218,500	-	230,000	-
- trust receipts	73,485	-	77,711	-
	<u>291,985</u>	<u>-</u>	<u>307,711</u>	<u>-</u>

**Amount repayable after one year**

None.

**Details of any collateral**As at 30 June 2015

The short-term loan of RMB 218.5 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 73.49 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 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 2015**

(RMB'000)	Second quarter ended	
	30 June 2015 (Unaudited)	30 June 2014 (Unaudited)
<b>Operating activities</b>		
Profit/(Loss) before income tax	1,860	(22,909)
Adjustments for:		
Depreciation of property, plant and equipment	3,536	3,476
Fair value loss on derivative financial instruments	-	(2,158)
Interest income	(41)	(299)
Interest expense	5,759	4,529
Operating profit/(loss) before movements in working capital	11,114	(17,361)
Inventories	17,330	(55,380)
Trade and other receivables	(26,001)	16,179
Due from related parties	4,235	(9,271)
Margin deposit	6	-
Trade and other payables	38,735	8,099
Due to related parties	2,667	(11)
Cash from/(used in) operations	48,086	(57,745)
Interest paid	(5,759)	(4,529)
Interest received	41	299
Net cash from/(used in) operating activities	42,368	(61,975)
<b>Investing activities</b>		
Purchase of property, plant and equipment	(13)	(12)
Net cash from investing activities	(13)	(12)
<b>Financing activities</b>		
Withdrawal/(Placement) of pledged fixed deposits	(3,885)	30,646
Proceeds from bank borrowings	165,071	462,633
Repayments of bank borrowings	(251,994)	(418,525)
Net cash from/(used in) financing activities	(90,808)	74,754
Net effect of exchange rate changes on the balance of cash held in foreign currencies	19	(20)
<b>Net (decrease)/increase in cash and cash equivalent</b>	<b>(48,434)</b>	<b>12,747</b>
Cash and cash equivalents at beginning of the financial period	205,683	256,458
<b>Cash and cash equivalents at end of the financial period</b>	<b>157,249</b>	<b>269,205</b>

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 2015**

**The Group**

(RMB'000)	Share capital	Share premium	Statutory reserve	Foreign currency translation reserve	Accumulated losses	<b>Total equity</b>
<b>Balance at 1 January 2014</b>	149,488	130,298	15,662	6,127	(110,957)	190,618
Total comprehensive loss for the period	-	-	-	55	(65,198)	(65,143)
<b>Balance at 30 June 2014</b>	149,488	130,298	15,662	6,182	(176,155)	125,475
Total comprehensive loss for the period	-	-	-	(77)	(91,271)	(91,348)
<b>Balance at 1 January 2015</b>	149,488	130,298	15,662	6,105	(267,426)	34,127
Total comprehensive income for the period	-	-	-	71	19,966	20,037
<b>Balance at 30 June 2015</b>	149,488	130,298	15,662	6,176	(247,460)	54,164

**The Company**

(RMB'000)	Share capital	Share premium	Foreign currency translation reserve	Accumulated losses	<b>Total equity</b>
<b>Balance at 1 January 2014</b>	149,488	130,298	7,652	(124,674)	162,764
Total comprehensive loss for the period	-	-	445	(6,088)	(5,643)
<b>Balance at 30 June 2014</b>	149,488	130,298	8,097	(130,762)	157,121
Total comprehensive loss for the period	-	-	(943)	(27,370)	(28,313)
<b>Balance at 1 January 2015</b>	149,488	130,298	7,154	(158,132)	128,808
Total comprehensive income for the period	-	-	4,029	(394)	3,635
<b>Balance at 30 June 2015</b>	149,488	130,298	11,183	(158,526)	132,443

**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 2015 and no outstanding convertibles or treasury shares held as at 30 June 2015 and 30 June 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.**

The number of the Company's total issued shares as at 30 June 2015 and 31 December 2014 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 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).**

	Second quarter ended		Six months ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

EPS – basic (RMB cents)	(0.49)	(5.98)	(5.21)	(17.01)
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Basic loss per ordinary share for the second quarter and six months ended 30 June 2015 and 30 June 2014 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 2015 (Unaudited)	As at 31 December 2014 (Audited)	As at 30 June 2015 (Unaudited)	As at 31 December 2014 (Audited)
NAV per share (RMB cents)	14.13	8.9	34.55	33.61

The net asset values per ordinary share as at 30 June 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 second quarter ended 30 June 2015 ("2Q2015") as compared to that of the second quarter ended 30 June 2014 ("2Q2014")**

**Revenue**

Revenue recorded a decrease of approximately 29.43% or RMB186.52 million in 2Q2014, mainly due to a decrease of average sale price of LPG from RMB5,518 per tonne in 2Q2014 to RMB3,367 per tonne in 2Q2015. 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 2Q2015 is 132,853 tonnes, keeping the same level as compared to the 2Q2014.

**Gross Profit**

Gross profit increased by RMB14.66 million or 264.88% in 2Q2015 as compared to 2Q2014. Correspondingly, gross profit margin increased from 0.87% to 4.52% mainly due to the fluctuation of LPG purchase price was more unstable in 2Q2015 as compared to 2Q2014.



**Other operating income**

Other operating income increased by RMB0.77 million or 30.21%, mainly due to the increase in shipping income, by RMB1.72 million, partially offset by the decrease in the interest income of RMB 0.26 million, the decrease in the fair value gain on currency swap contracts of RMB0.57 million and the decrease in investment gain of RMB0.15 million.

**Operating expenses**

Operating expenses decreased by RMB10.57 million or 39.96% due mainly to:

- (i) Selling and distribution expenses decreased by approximately RMB7.42 million or 58.02% mainly due to a decrease in marine freight of RMB6.42 million, a decrease in the tugboat charges of RMB0.35 million and a decrease in the vehicle charges of RMB0.28 million.
- (ii) Administrative expenses slightly decreased by RMB0.45 million or 7.39% mainly due to a decrease in the management wages of RMB 0.21 million and a decrease in the Letter of credit application and certificate fee of RMB0.27 million.
- (iii) Other Operating expenses decreased by RMB2.7 million or 35.41% mainly due to the decrease in the foreign exchange loss of RMB2.26 million, resulted from the appreciation of the RMB against the US dollars in 2Q2015.

**Finance cost**

Finance costs increased by approximately RMB1.23 million or 27.16% mainly due to an increase in the bank loan interest and the average loan amounts.

**Profit attributable to equity holders**

As a result of the above, net profit attributable to equity holders recorded RMB1.86 million in 2Q2015.

**(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 2015 and the Group's Financial Position as at 31 December 2014**

Current assets increased by approximately RMB2.4 million or 0.74% from RMB323 million as at 31 December 2014 to RMB325.4 million as at 30 June 2015. This is mainly due to an increase in cash and cash equivalents of RMB135.75 million, an increase in due from related parties of RMB1.35 million, partially offset by the decrease in available-for-sale investments of RMB65 million, a decrease in trade and other receivables of RMB17.83 million, a decrease in pledged fixed deposits of RMB29.21 million and a decrease in inventories of RMB22.62 million.

Current liabilities decreased by approximately RMB24.11 million or 5.06% from RMB476.25 million as at 31 December 2014 to RMB452.14 million as at 30 June 2015. This is mainly due to a decrease in short term borrowings of RMB15.73 million and decrease in the trade and other payables of RMB10.35 million, partially offset by increase in due to related parties of RMB1.97 million.

**Review of the Group's Cash Flow Statements for 2Q2015**

Net cash generated from operating activities amounted to approximately RMB42.37 million. This is mainly due to the profit before income tax of RMB1.86 million, after adding non-cash items of RMB9.25 million and net cash inflows of working capital of RMB36.97 million and net

interest payment of RMB5.72 million. Net cash inflows from working capital arose from an increase in trade and other payables (excluding interest payables) of RMB38.74 million, a decrease in the inventories of RMB17.33 million and a decrease in the amounts due from related parties of RMB4.24 million, partially offset by an decrease in the trade and other receivables (exclude interest receivables) of RMB26 million.

Net cash used in investing activities amounted to RMB0.01 million due to the purchase of property, plant and equipment of RMB0.01 million.

Net cash used in financing activities amounted to RMB90.81 million mainly due to the repayment of bank borrowings.

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

None.

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

The global market and economic growth in the following months until the 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 second quarter ended 30 June 2015.

**13. Summary of Interested Person Transactions for the second quarter ended 30 June 2015.**

The aggregate values of interested person transactions for the second quarter ended 30 June 2015 are as follows:

Name of interested person	Aggregate value of all interested person transactions for the financial period ended 30 June 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
<b>Chaozhou Huafeng (Group) Incorporation Ltd</b>			
° Lease of LPG transportation vehicles	-	2,940	2,940
<b>Chaozhou Zhongkai Huafeng Energy Retail Chain Co., Ltd.</b>			
° Sale of LPG	-	63,928	63,928
<b>Chaozhou Huafeng Petroleum and Warehouse Co., Ltd.</b>			
° Lease of storage tankers	-	-	159
° 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	-	1,341	1,341
<b>Chaozhou Kaihao Huafeng Gas Station Co., Ltd</b>			
° 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 which may render the unaudited financial statements for the second quarter ended 30 June 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  
31 July 2015