



## OUHUA ENERGY HOLDINGS LIMITED

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

### Unaudited Financial Statements for the Third Quarter Ended 30 September 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 THIRD QUARTER AND SIX MONTHS ENDED 30 SEPTEMBER 2015

(RMB'000)	Third quarter ended			Nine months ended		
	30 September 2015	30 September 2014	% change	30 September 2015	30 September 2014	% change
Revenue	505,675	400,494	26.26%	1,297,978	1,657,832	(21.71)%
Cost of sales	(466,314)	(411,903)	13.21%	(1,199,247)	(1,678,892)	(28.57)%
Gross profit/(loss)	39,361	(11,409)	445.00%	98,731	(21,060)	568.81%
Other operating income	1,600	145	1003.45%	5,096	4,277	19.15%
Selling and distribution expenses	(10,581)	(10,838)	(2.37)%	(22,654)	(34,683)	(34.68)%
Administrative expenses	(6,237)	(4,771)	30.73%	(16,988)	(15,910)	6.78%
Other operating expenses	(12,097)	(3,149)	284.15%	(20,956)	(19,294)	8.61%
Finance costs	(8,876)	(4,278)	107.48%	(20,093)	(12,828)	56.63%
Profit/(loss) before income tax	3,170	(34,300)	109.24%	23,136	(99,498)	123.25%
Income tax	-	-	-	-	-	-
Profit/(loss) for the financial period	3,170	(34,300)	109.24%	23,136	(99,498)	123.25%

#### UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(LOSS) FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2015

(RMB'000)	Third quarter ended			Nine months ended		
	30 September 2015 (Unaudited)	30 September 2014 (Unaudited)	% change	30 September 2015 (Unaudited)	30 September 2014 (Unaudited)	% change
<b>Profit/(Loss) for the financial period</b>	3,170	(34,300)	109.24%	23,136	(99,498)	123.25%
Other comprehensive income/(expenses)						
Foreign currency translation differences	(194)	(38)	410.53%	(123)	17	(823.53)%
<b>Total comprehensive profit/(loss) for the period</b>	2,976	(34,338)	108.67%	23,013	(99,481)	123.13%

**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/(loss) before income tax has been arrived at after crediting/(charging):

(RMB'000)	Third quarter ended			Nine months ended		
	30 September 2015	30 September 2014	% change	30 September 2015	30 September 2014	% change
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Depreciation of property, plant and equipment	(3,581)	(3,398)	5.39%	(10,408)	(10,201)	2.03%
Interest expense	(8,876)	(4,278)	107.48%	(20,093)	(12,828)	56.63%
Interest income	30	72	(58.33)%	121	742	(83.69)%
Foreign exchange loss	(11,918)	(2,277)	423.41%	(19,873)	(11,513)	72.61%
Fair value loss on currency swap contracts	0	(134)	(100)%	0	(5,700)	(100)%

**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 September 2015	(Audited) As at 31 December 2014	(Unaudited) As at 30 September 2015	(Audited) As at 31 December 2014
<b>Non-current assets</b>				
Property, plant and equipment	178,775	187,383	-	-
Investments in subsidiaries	-	-	156,277	156,277
	<u>178,775</u>	<u>187,383</u>	<u>156,277</u>	<u>156,277</u>
<b>Current assets</b>				
Inventories	80,054	63,029	-	-
Trade and other receivables	42,064	73,258	24	121
Due from related parties	65,831	56,727	-	-
Available-for-sale investments	-	65,010	-	-
Held-to-maturity investment	5,500	-	-	-
Pledged fixed deposits	8,274	42,084	-	-
Margin deposit	1,425	1,389	1,425	1,389
Cash and cash equivalents	176,985	21,500	39	643
	<u>380,133</u>	<u>322,997</u>	<u>1,488</u>	<u>2,153</u>
Less:				
<b>Current liabilities</b>				
Trade and other payables	142,365	162,207	3,183	3,551
Due to subsidiaries	-	-	19,542	22,053
Due to a related party	4,779	4,018	3,437	4,018
Short-term borrowings	352,307	307,711	-	-
Income tax payables	2,317	2,317	-	-
	<u>501,768</u>	<u>476,253</u>	<u>26,162</u>	<u>29,622</u>
<b>Net current liabilities</b>	<u>(121,635)</u>	<u>(153,256)</u>	<u>(24,674)</u>	<u>(27,469)</u>
<b>Net assets</b>	<u>57,140</u>	<u>34,127</u>	<u>131,603</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	5,982	6,105	10,409	7,154
Accumulated losses	(244,290)	(267,426)	(158,592)	(158,132)
<b>Equity attributable to equity holders of the Company</b>	<u>57,140</u>	<u>34,127</u>	<u>131,603</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 September 2015		As at 31 December 2014	
	Secured	Unsecured	Secured	Unsecured
Bank borrowings				
- short-term loan	211,150	-	230,000	-
- trust receipts	141,157	-	77,711	-
	<u>352,307</u>	<u>-</u>	<u>307,711</u>	<u>-</u>

**Amount repayable after one year**

None.

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

The short-term loan of RMB211.15 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 RMB141.16 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 THIRD QUARTER ENDED 30 SEPTEMBER 2015**

(RMB'000)	Third Quarter Ended	
	30 September 2015 (Unaudited)	30 September 2014 (Unaudited)
<b>Cash flows from operating activities</b>		
Profit/(Loss) before income tax	3,170	(34,300)
Adjustments for:		
Depreciation of property, plant and equipment	3,581	3,398
Fair value loss on derivative of financial instruments	-	134
Interest income	(30)	(72)
Interest expense	8,876	4,278
Operating profit/(loss) before working capital changes	15,597	(26,562)
(Increase)/decrease in Working capital changes:		
Inventories	(39,648)	(11,304)
Trade and other receivables	13,364	12,516
Due from related parties	(7,757)	(71)
Margin call	(55)	-
Trade and other payables	(9,559)	46,393
Due to related parties	(1,207)	13
Cash (used in) /from operations	(29,265)	20,985
Interest paid	(8,805)	(4,278)
Interest received	30	72
Net cash (used in) /from operating activities	(38,040)	16,779
<b>Cash flows used in investing activities</b>		
Purchase of property, plant and equipment	(1,451)	(82)
purchase of held-to-maturity investments	(5,500)	
Net cash used in investing activities	(6,951)	(82)
<b>Cash flows from/(used in) financing activities</b>		
Withdrawal/(Placement) of pledged fixed deposit	4,599	(101,525)
Proceeds from bank borrowings	225,550	391,921
Repayment of bank borrowings	(165,228)	(336,606)
Net cash flows (used in)/from financing activities	64,921	(46,210)
Exchange differences arising from translation of foreign entities	(194)	(38)
<b>Net increase /(decrease) in cash and bank balances</b>	19,736	(29,551)
<b>Cash and bank balances at beginning of the financial period</b>	157,249	269,205
<b>Cash and bank balances at end of the financial period</b>	176,985	239,654

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 nine months ended 30 September 2015**

**The Group**

(RMB'000)	Share capital	Share premium	Statutory reserve	Foreign currency translation reserve	Accumulated losses	Total equity
<b>Balance at 1 January 2014</b>	149,488	130,298	15,662	6,127	(110,957)	190,618
Total comprehensive expenses for the period	-	-	-	17	(99,498)	(99,481)
<b>Balance at 30 September 2014</b>	149,488	130,298	15,662	6,144	(210,455)	91,137
Total comprehensive expenses for the period	-	-	-	(39)	(56,971)	(57,010)
<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	-	-	-	(123)	23,136	23,013
<b>Balance at 30 September 2015</b>	149,488	130,298	15,662	5,982	(244,290)	57,140

**The Company**

(RMB'000)	Share capital	Share premium	Foreign currency translation reserve	Accumulated losses	Total equity
<b>Balance at 1 January 2014</b>	149,488	130,298	7,652	(124,674)	162,764
Total comprehensive expenses for the period	-	-	1,485	(6,812)	(5,327)
<b>Balance at 30 September 2014</b>	149,488	130,298	9,137	(131,486)	157,437
Total comprehensive expenses for the period	-	-	(1,983)	(26,646)	(28,629)
<b>Balance at 1 January 2015</b>	149,488	130,298	7,154	(158,132)	128,808
Total comprehensive income for the period	-	-	3,255	(460)	2,795
<b>Balance at 30 September 2015</b>	149,488	130,298	10,409	(158,592)	131,603

**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 third quarter ended 30 September 2015 and no outstanding convertibles or treasury shares held as at 30 September 2015 and 30 September 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 September 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).**

	Third quarter ended		Nine months ended	
	30 September 2015	30 September 2014	30 September 2015	30 September 2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
EPS – basic (RMB cents)	0.01	(8.95)	0.06	(25.96)

Basic loss per ordinary share for the third quarter and nine months ended 30 September 2015 and 30 September 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 September 2015	As at 31 December 2014	As at 30 September 2015	As at 31 December 2014
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
NAV per share (RMB cents)	14.91	8.90	34.34	33.61

The net asset values per ordinary share as at 30 September 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 third quarter ended 30 September 2015 ("3Q2015") as compared to that for the third quarter ended 30 September 2014 ("3Q2014")**

**Revenue**

Revenue recorded an increase of approximately 26.26% or RMB105.18 million in 3Q2015 mainly due to the rise in sales from 75,634 tonnes in 3Q2014 to 166,500 tonnes in 3Q2015. This significant increase of sale volume was caused by the following reasons: (i) Short supply of LPG from other areas of China. (ii) One of the biggest local competitors has seized production of LPG due to the serious accident. (iii) The Group had successfully developed the new customer base in both local area and Southeast Asia, which also contributed to the increase of sales volume in 3Q2015.



**Gross profit**

Gross profit increased by RMB50.77 million or 445% in 3Q2015 as compared to 3Q2014. Correspondingly, gross profit margin increased from negative 2.85% to 7.78% mainly due to the fluctuation of LPG purchase price being more stable in 3Q2015 as compared to 3Q2014.

**Other operating income**

Other operating income increased by RMB1.46 million or 1003.45% mainly due to the increase in shipping income by RMB1.36 million and the increase of tugboat income of RMB0.12 million.

**Operating expenses**

Operating expenses increased by RMB10.15 million or 54% mainly due to:

- (i) Selling and distribution expenses decreased by approximately RMB0.26 million or 2.37%, mainly due to the decrease in the tugboat charge of RMB0.2million
- (ii) Administrative expenses increased by RMB1.46 million or 30.73% mainly due to increase in the consulting fee of RMB0.88 million, the increase in port construction fee of RMB0.48 million and the increase in the Letter of credit application and certificate fee of RMB0.27 million, offset by the decrease in entertainment expenses of RMB0.14 million.
- (iii) Other operating expenses increased by RMB8.95 million or 284.15% mainly due to the increase in the foreign exchange loss of RMB9.64million caused by the sharp depreciation of RMB against the US dollars during the 3rd quarter in 2015

**Finance cost**

Finance costs increased by approximately RMB4.60 million or 107.8% mainly due to the increase in bank loan interest rates and the average loan amounts.

**Profit attributable to equity holders**

As a result of the above, the net profit attributable to equity holders recorded RMB3.17 million in 3Q2015.

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

Current assets increased by approximately RMB57.14 million or 17.69% from RMB323 million as at 31 December 2014 to RMB380.13 million as at 30 September 2015. This is mainly due to an increase in cash and cash equivalents of RMB155.49 million, an increase in inventories of RMB17.03 million, partially offset by the decrease in available-for-sale investments of RMB65 million, a decrease in trade and other receivables of RMB31.19 million, a decrease in pledged fixed deposits of RMB33.81 million.

Current liabilities increased by approximately RMB25.52 million or 5.36% from RMB476.25 million as at 31 December 2014 to RMB501.77 million as at 30 September 2015 mainly due to the increase in the bank borrowings of RMB44.60 million and partially offset by the decrease in the trade and other payables of RMB19.84 million.

**Review of the Group's Cash Flow Statements for 3Q2015**

Net cash used in operating activities amounted to approximately RMB38.04 million due mainly to the net cash outflows of working capital of RMB44.86 million, after adding non-cash items of RMB3.58 million and net interest payment of RMB8.85 million. Cash outflows from working capital arose from an increase in the inventories of RMB39.65 million, the decrease in trade and other payables of RMB9.56 million and the increase in the amounts due from related parties of RMB7.76 million. The cash outflows were partially offset by a decrease in the trade and other receivables of RMB13.36 million.

Net cash flows used in the investing activities amounted to RMB6.95 million mainly due to the purchase of fixed assets of RMB1.45 and the purchase of held-to-maturity investments of RMB5.5 million.

Net cash flows generated from financing activities amounted to RMB64.92 million mainly due to the proceeds from bank borrowings of RMB225.55 million and decrease in pledged fixed deposit of RMB4.6 million, partially offset by the repayment of bank borrowings of RMB165.23 million

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

None.

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

The global economic outlook may have improved recently but the LPG market remains 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 third quarter ended 30 September 2015.

**13. Summary of Interested Person Transactions for the third quarter ended 30 September 2015.**

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

Name of interested person	Aggregate value of all interested person transactions for the financial period ended 30 September 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	-	1,521	1,521
<b>Chaozhou Zhongkai Huafeng Energy Retail Chain Co., Ltd.</b>			
◦ Sale of LPG	-	80,247	80,247
<b>Chaozhou Huafeng Petroleum and Warehouse Co., Ltd.</b>			
◦ Lease of storage tankers	-	-	-
◦ 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	15	-	-

**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 third quarter ended 30 September 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  
13 November 2015