



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 2015

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 2015

(RMB'000)	31 December 2015	31 December 2014	% change
Revenue	1,914,863	1,988,409	-3.7%
Cost of sales	<u>(1,751,147)</u>	<u>(2,024,495)</u>	-13.5%
Gross profit/(loss)	163,716	(36,086)	553.7%
Other operating income	12,027	7,916	51.9%
Selling and distribution expenses	(43,706)	(46,479)	-6.0%
Administrative expenses	(26,226)	(22,813)	15.0%
Other operating expenses	<u>(25,738)</u>	<u>(28,295)</u>	-9.0%
Profit/(Loss) from operations	80,073	(125,757)	163.7%
Finance costs	<u>(28,152)</u>	<u>(30,712)</u>	-8.3%
Profit/(Loss) before income tax	51,921	(156,469)	133.2%
Income tax	<u>-</u>	<u>-</u>	
Profit/(Loss) for the financial year	<u>51,921</u>	<u>(156,469)</u>	133.2%
Other comprehensive income			
Foreign currency translation differences	<u>(251)</u>	<u>(22)</u>	1040.91%
Total comprehensive Profit/(Loss) for the year	<u>51,670</u>	<u>(156,491)</u>	133.02%

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 2015	31 December 2014	
Depreciation of property, plant and equipment	14,284	13,901	2.8%
Interest expense	28,152	19,315	45.8%
Interest income	(154)	(809)	-81.0%
Foreign exchange loss	24,867	10,297	141.5%
Fair value loss from financial instruments	-	11,397	-100.0%
Reversal of provision of doubtful debts	-	(188)	-100.0%
Impairment loss on property, plant and equipment	-	4,976	-100.0%
Inventory value written-down	355	10,277	-96.5%
Loss on disposal of property, plant and equipment	-	21	-100.0%

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 2015	As at 31 December 2014	As at 31 December 2015	As at 31 December 2014
Non-current assets				
Property, plant and equipment	176,358	187,383	-	-
Investments in subsidiaries	-	-	156,277	156,277
Trade receivables	-	-	-	-
	<u>176,358</u>	<u>187,383</u>	<u>156,277</u>	<u>156,277</u>
Current assets				
Inventories	53,560	63,029	-	-
Trade and other receivables	96,053	73,258	127	121
Due from related parties	104,514	56,727	-	-
Margin deposit with broker	1,485	1,389	1,485	1,389
Available for sales investment	75,500	65,010	-	-
Pledged fixed deposits	3,874	42,084	-	-
Cash and cash equivalents	36,322	21,500	143	643
	<u>371,308</u>	<u>322,997</u>	<u>1,755</u>	<u>2,153</u>
Less:				
Current liabilities				
Trade and other payables	69,121	162,207	3,634	4,018
Due to subsidiaries	-	-	24,572	22,053
Due to a related party	4,208	4,018	4,208	3,551
Short-term borrowings	386,223	307,711	-	-
Income tax payables	2,317	2,317	-	-
	<u>461,869</u>	<u>476,253</u>	<u>32,414</u>	<u>29,622</u>
Net current liabilities	<u>(90,561)</u>	<u>(153,256)</u>	<u>(30,659)</u>	<u>(27,469)</u>
Net assets	<u>85,797</u>	<u>34,127</u>	<u>125,618</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	5,854	6,105	5,813	7,154
Accumulated losses	(215,505)	(267,426)	(159,981)	(158,132)
Equity attributable to equity holders of the Company	<u>85,797</u>	<u>34,127</u>	<u>125,618</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 31 December 2015		As at 31 December 2014	
	Secured	Unsecured	Secured	Unsecured
Bank borrowings				
- short-term loan	207,000	-	230,000	-
- trust receipts	179,233	-	77,711	-
	<u>386,233</u>	<u>-</u>	<u>307,711</u>	<u>-</u>

Amount repayable after one year

None.

Details of any collateralAs at 31 December 2015

The short-term loan of RMB 207 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 179.23 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.

THE FINANCIAL YEAR ENDED 31 December 2015

(RMB'000)	31 December 2015	31 December 2014
Cash flows from operating activities		
Profit/(Loss) before income tax	51,921	(156,469)
Adjustments for:		
Depreciation of property, plant and equipment	14,284	13,901
Loss on disposal of property, plant and equipment	-	23
Interest income	(154)	(809)
Interest expense	28,152	19,315
Impairment loss on property, plant and equipment	-	4,976
Inventory value written down	355	10,277
Reversal of provision of doubtful debts	-	(189)
Operating profit/(loss) before working capital changes	<u>94,558</u>	<u>(108,975)</u>
Working capital changes:		
Inventories	9,115	44,094
Trade and other receivables	(22,723)	(9,869)
Due from related parties	(6,514)	(9,880)
Trade and other payables	(93,813)	92,789
Margin deposit	(97)	10,188
Due to a related party	-	-
Cash generated (used in)/from operations	<u>(19,474)</u>	<u>18,347</u>
Interest paid	(27,576)	(19,315)
Interest received	154	1,304
Net cash (used in)/from operating activities	<u>(46,896)</u>	<u>336</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,259)	(2,866)
Purchase of available for sale investment	(10,490)	(64,000)
Sale of held to maturity investments	-	80,312
Net cash flows (used in)/from investing activities	<u>(13,749)</u>	<u>13,446</u>
Cash flows from financing activities		
Decrease in pledged fixed deposits	38,210	34,077
Receipt from a director	-	2,173
Receipt from related parties	-	96
Payment to related parties	(41,273)	(5,041)
Proceeds from bank borrowings	864,707	1,289,369
Repayment of bank borrowings	(786,195)	(1,517,562)
Net cash from/(used in) financing activities	<u>75,449</u>	<u>(196,888)</u>
Exchange differences arising from translation of foreign entities	<u>18</u>	<u>(22)</u>
Net increase/(decrease) in cash and cash equivalents	<u>14,822</u>	<u>(183,128)</u>
Cash and cash equivalents at beginning of the financial year	<u>21,500</u>	<u>204,628</u>
Cash and cash equivalents at end of the financial year	<u><u>36,322</u></u>	<u><u>21,500</u></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 2015 and 2014

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 loss for the financial year	-	-	-	(22)	(156,469)	(156,491)
Balance at 31 December 2014	149,488	130,298	15,662	6,105	(267,426)	34,127
Total comprehensive income for the financial year	-	-	-	(251)	51,921	51,670
Balance at 31 December 2015	149,488	130,298	15,662	5,854	(215,505)	85,797

The Company						
(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	0	7,652	(124,674)	162,764
Total comprehensive loss for the financial year	-	-	-	(498)	(33,458)	(33,956)
Balance at 31 December 2014	149,488	130,298	-	7,154	(158,132)	128,808
Total comprehensive loss for the financial year	-	-	-	(1,341)	(1,849)	(3,190)
Balance at 31 December 2015	149,488	130,298	-	5,813	(159,981)	125,618

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 2015 and no outstanding convertibles or treasury shares held as at 31 December 2015 and 31 December 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 Company's total issued shares as at 31 December 2015 and 31 December 2014 is 383,288,000 ordinary shares of US\$0.05 each fully paid for each year.

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.

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 2015.

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 did 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 2015	31 December 2014
Profit/(Loss) Per Share – basic (RMB cents)	13.55	(40.82)

Basic Loss per ordinary share for the full year ended 31 December 2015 and 31 December 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 31 December 2015	As at 31 December 2014	As at 31 December 2015	As at 31 December 2014
NAV per share (RMB cents)	22.38	8.90	32.77	33.61

The net asset values per ordinary share as at 31 December 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 full year ended 31 December 2015 ("FY2015") as compared to that for the full year ended 31 December 2014 ("FY2014")

Revenue

Revenue recorded a slight decrease of approximately 3.7% or RMB73.54 million in 2015 mainly due to drop of average sale price of LPG from RMB5,251 per ton in 2014 to RMB3,267 per ton in 2015. This is partially offset by the rise in sales from 398,600 tonnes in 2014 to 586,160 tonnes in 2015. There has been an increase of local demand caused by short supply of LPG from other areas of China. Secondly the Group had successfully developed the new sale segment in western China and Southeast Asia, which also contributed to the increase of sales volume in 2015.

Gross profit/(loss)

Gross profit increased by RMB 199.8 million and became gross profit of RMB 163.72 million in FY2015 as compared to FY2014. Correspondingly, gross profit margin increased from negative 1.81% to positive 8.55% due to the decrease in oil price in the international market as compared to prior year.

Other operating income

Other operating income increased by RMB 4.11 million or 51.9% in 2015 as compared to 2014 mainly due to the increase in shipping income by RMB10.55 million. This is partly offset by the decrease of the government subsidy income of RMB 4.80 million and the decrease of investment income of RMB 1.3 million.

Operating expenses

Operating expenses decreased due mainly to:

- (i) Selling and distribution expenses decreased by approximately RMB2.77 million or 6% mainly due to the decrease in marine freight of RMB3.71 million, the decrease in storage rental of RMB 0.53 million, This is partially offset by the increase in tugboat charges of RMB 1.59 million.
- (ii) Administrative expenses increased by RMB3.41 million or 15.0% mainly due to the increase in consulting fee of RMB3.21 million, the increase in port construction and maintenance of RMB 1.72 million, the increase in doubtful debts accounts of RMB0.38 million and the increase in salary of RMB0.4 million. This is partially offset by the decrease in social insurance of RMB0.9 million, the decrease tax of RMB0.35 million and decrease in other expenses of RMB0.4 million such as travelling, utilities and telephones.
- (iii) Other operating expenses decreased by RMB2.56 million or 9.0% due mainly to the decrease in both inventory value written-down of RMB9.93 million and impairment loss of RMB 4.98 million fixed assets, the decrease in other expenses of RMB 3.72 such as bank service fees etc. This is partially offset by the increase in the exchange loss of RMB14.0 million.

Finance cost

Finance costs decreased by approximately RMB2.56 million or 8.3% mainly due to the decrease in the fair value loss from financial instruments of RMB11.4 million. This is offset by an increase in interest expense of RMB8.84 million for bank loans.

Loss attributable to equity holders

As a result of the above, the Group recorded a net profit attributable to equity holders of RMB51.92 million in FY2015 compared to a net loss of RMB156.5 million in FY2014.

- (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 2015

Non-current assets decreased by approximately RMB11.03 million or 5.88% mainly due to the fixed assets depreciation and are partially offset by purchase of new assets of RMB1.12 million.

Current assets increased by approximately RMB48.31 million or 14.96% in FY 2015 from RMB323.00 million to RMB371.31 million mainly due to the increase in trade and other receivables and due from related parties of RMB70.58 million, increase of cash and cash equivalents of RMB 14.82 million and the increase of held to maturity investment of RMB11.5 million. This is partially offset by a decrease in pledged fixed deposits of RMB38.21 million and the decrease in inventories of RMB9.47 million.

Current liabilities decreased by approximately RMB14.38 million or 3.02% in FY 2015 from RMB476.3 million to RMB461.87 million mainly due to the decrease in trade and other payables of RMB93.09 million partially offset by the increase in the short-term borrowing of RMB78.51 million.

Review of the Group's Cash Flow Statements for the financial year ended 31 December 2015

Net cash used in operating activities amounted to approximately RMB46.89 million due mainly to the net cash outflow of working capital RMB114.03 million in spite of the profit before income tax of RMB51.92, after adding back non-cash items of RMB42.64 million and interest paid of RMB27.58 million.

Net cash outflows from working capital arose from a decrease in trade and other payable of RMB 93.81 million, the increase in trade and other receivable of RMB22.72 million and due from related parties of RMB6.51 million partially offset by a decrease in inventories of RMB 9.11 million.

Net cash flows used in investing activities amounted to RMB13.75 million mainly due to purchase of available for sale investments of RMB10.49 million and purchase of property, plant and equipment of RMB3.26 million.

Net cash from financing activities amounted to RMB75.45 million mainly due to net proceeds of bank borrowing of RMB78.51 million and decrease in pledged fixed deposits of RMB 38.21 million. This is partially offset by payment to related parties of RMB41.27 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 market and economic growth in the following months till 2016 will be full of uncertainties. Going forward, over the next 12 months, international oil price is 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 in 2016.

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 which was partially reflected in our performance 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 further improve our profitability in 2016.

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 2015.

**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
	2015	2014	Total
	RMB'000	RMB'000	
15(a) Sales reported for the first half year	792,303	1,257,338	-36.99%
15(b) Profit/(Loss) after income tax for the first half year	19,966	(65,198)	130.62%
15(c) Sales reported for second half year	1,122,560	731,071	53.55%
15(b) Profit/(Loss) after income tax for the second half year	31,956	(91,271)	135.01%

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

	2015	2014
	US\$	US\$
Proposed dividend:		
Ordinary	-	-

17. Summary of Interested Person Transactions for the financial year ended 31 December 2015.

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

Name of interested person	Aggregate value of all interested person transactions for the financial period ended 31 December 2015 (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (including transactions less than \$100,000)
	RMB'000	RMB'000	RMB'000
Chaozhou Huafeng (Group) Incorporation Ltd			
◦ Lease of LPG transportation vehicles	-	-	385
◦ Lease of LPG transportation vessel	-	5,744	5,744
Chaozhou Zhongkai Huafeng Energy Retail Chain Co., Ltd.			
◦ Sale of LPG	-	288,727	288,727
Chaozhou Huafeng Petroleum and Warehouse Co., Ltd.			
◦ Lease of storage tankers	-	206	206
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			
◦ <input type="checkbox"/> Purchase of petrol for car usage	82	-	-

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 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
26 February 2016