



## 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 2016

#### 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 2016

(RMB'000)	31 December 2016	31 December 2015	% change
<b>Revenue</b>	2,179,839	1,914,863	13.8%
Cost of sales	<u>(2,023,359)</u>	<u>(1,751,147)</u>	15.5%
<b>Gross profit</b>	156,480	163,716	-4.4%
Other operating income	7,644	12,027	-36.4%
Selling and distribution expenses	(52,296)	(43,706)	19.7%
Administrative expenses	(23,064)	(26,226)	-12.1%
Other operating expenses	<u>(30,068)</u>	<u>(25,738)</u>	16.8%
<b>Profit from operations</b>	58,696	80,073	-26.7%
Finance costs	<u>(17,723)</u>	<u>(28,152)</u>	-37.0%
<b>Profit before income tax</b>	40,973	51,921	-21.1%
Income tax	<u>-</u>	<u>-</u>	
<b>Profit for the financial year</b>	<u>40,973</u>	<u>51,921</u>	-21.1%
<b>Other comprehensive income</b>			
Foreign currency translation differences	<u>(399)</u>	<u>(251)</u>	58.96%
<b>Total comprehensive Profit for the year</b>	<u>40,574</u>	<u>51,670</u>	-21.47%

**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 2016	31 December 2015	
Depreciation of property, plant and equipment	14,911	14,284	4.4%
Interest expense	17,723	28,152	-37.0%
Interest income	(116)	(154)	-24.7%
Foreign exchange loss	21,345	24,867	-14.2%
Inventory value written-down	-	355	-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**

**UNAUDITED STATEMENT OF FINANCIAL POSITION**

(RMB'000)	Group		Company	
	As at 31 December 2016	As at 31 December 2015	As at 31 December 2016	As at 31 December 2015
<b>Non-current assets</b>				
Property, plant and equipment	162,796	176,358	-	-
Investments in subsidiaries	-	-	156,277	156,277
	<u>162,796</u>	<u>176,358</u>	<u>156,277</u>	<u>156,277</u>
<b>Current assets</b>				
Inventories	159,004	53,560	-	-
Trade and other receivables	86,698	96,053	-	127
Due from related parties	86,495	104,514	-	-
Margin deposit with broker	3,601	1,485	3,601	1,485
Held to maturity investment	12,100	75,500	-	-
Pledged fixed deposits	17,960	3,874	-	-
Cash and cash equivalents	77,274	36,322	351	143
	<u>443,132</u>	<u>371,308</u>	<u>3,952</u>	<u>1,755</u>
Less:				
<b>Current liabilities</b>				
Trade and other payables	157,049	69,121	3,801	3,634
Due to subsidiaries	-	-	28,432	24,572
Due to a related party	4,496	4,208	4,496	4,208
Due to holding company	1,734	-	1,734	-
Short-term borrowings	313,961	386,223	-	-
Income tax payables	2,317	2,317	-	-
	<u>479,557</u>	<u>461,869</u>	<u>38,463</u>	<u>32,414</u>
<b>Net current (liabilities)/ assets</b>	<u>(36,425)</u>	<u>(90,561)</u>	<u>(34,511)</u>	<u>(30,659)</u>
<b>Net assets</b>	<u>126,371</u>	<u>85,797</u>	<u>121,766</u>	<u>125,618</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	5,455	5,854	3,662	5,813
Accumulated losses	(174,532)	(215,505)	(161,682)	(159,981)
<b>Equity attributable to equity holders of the Company</b>	<u>126,371</u>	<u>85,797</u>	<u>121,766</u>	<u>125,618</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 2016		As at 31 December 2015	
	Secured	Unsecured	Secured	Unsecured
Bank borrowings				
- short-term loan	161,000	-	207,000	-
- trust receipts	152,961	-	179,233	-
	<u>313,961</u>	<u>-</u>	<u>386,233</u>	<u>-</u>

**Amount repayable after one year**

None.

**Details of any collateral**As at 31 December 2016

The short-term loan of RMB 161 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 152.96 million is secured by fixed deposits, a guarantee given by Mr Liang Guo Zhan (Executive Chairman) and corporate guarantees given by several related parties.

As 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.

**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 2016**

**UNAUDITED CONSOLIDATED CASH FLOW STATEMENTS**

<b>(RMB'000)</b>	<b>31 December 2016</b>	<b>31 December 2015</b>
<b>Cash flows from operating activities</b>		
Profit before income tax	40,973	51,921
Adjustments for:		
Depreciation of property, plant and equipment	14,911	14,284
Interest income	(116)	(154)
Interest expense	17,723	28,152
Inventory value written down	-	355
Operating profit before working capital changes	<u>73,491</u>	<u>94,558</u>
Working capital changes:		
Inventories	(105,444)	9,115
Trade and other receivables	9,525	(22,723)
Due from related parties	6,050	(6,514)
Trade and other payables	87,476	(93,813)
Margin deposit	<u>(2,116)</u>	<u>(97)</u>
Cash generated (used in)/generated from operations	68,982	(19,474)
Interest paid	(17,568)	(27,576)
Interest received	116	154
Net cash (used in)/generated /from operating activities	<u>51,530</u>	<u>(46,896)</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,349)	(3,259)
Sale of held to maturity investments	63,400	(10,490)
Net cash flows (used in)/generated from investing activities	<u>62,051</u>	<u>(13,749)</u>
<b>Cash flows from financing activities</b>		
Pledged fixed deposits	(14,086)	38,210
Receipt from related parties	11,969	-
Receipt from holding company	1,734	-
Payment to related parties	-	(41,273)
Proceeds from bank borrowings	959,978	864,707
Repayment of bank borrowings	(1,032,240)	(786,195)
Net cash generated from/(used in) financing activities	<u>(72,645)</u>	<u>75,449</u>
Exchange differences arising from translation of foreign entities	<u>16</u>	<u>18</u>
<b>Net increase in cash and cash equivalents</b>	40,952	14,822
<b>Cash and cash equivalents at beginning of the financial year</b>	<u>36,322</u>	<u>21,500</u>
<b>Cash and cash equivalents at end of the financial year</b>	<u><u>77,274</u></u>	<u><u>36,322</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 2016 and 2015**

**The Group**

(RMB'000)	Share capital	Share premium	Statutory reserve	Foreign currency translation reserve	Accumulated losses	Total equity
<b>Balance at 1 January 2015</b>	149,488	130,298	15,662	6,105	(267,426)	34,127
Total comprehensive income/(loss) for the financial year	-	-	-	(251)	51,921	51,670
<b>Balance at 31 December 2015</b>	149,488	130,298	15,662	5,854	(215,505)	85,797
Total comprehensive income/(loss) for the financial year	-	-	-	(399)	40,973	40,574
<b>Balance at 31 December 2016</b>	149,488	130,298	15,662	5,455	(174,532)	126,371

**The Company**

(RMB'000)	Share capital	Share premium	Statutory reserve	Foreign currency translation reserve	Accumulated losses	Total equity
<b>Balance at 1 January 2015</b>	149,488	130,298	-	7,154	(158,132)	128,808
Total comprehensive income/(loss) for the financial year	-	-	-	(1,341)	(1,849)	(3,190)
<b>Balance at 31 December 2015</b>	149,488	130,298	-	5,813	(159,981)	125,618
Total comprehensive income/(loss) for the financial year	-	-	-	(2,151)	(1,701)	(3,852)
<b>Balance at 31 December 2016</b>	149,488	130,298	-	3,662	(161,682)	121,766

**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 2016 and no outstanding convertibles or treasury shares held as at 31 December 2016 and 31 December 2015.

**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 2016 and 31 December 2015 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 2015.

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 2016.

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 2016	31 December 2015
Profit/(Loss) Per Share – basic (RMB cents)	10.69	13.55

Basic Loss per ordinary share for the full year ended 31 December 2016 and 31 December 2015 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 2016	As at 31 December 2015	As at 31 December 2016	As at 31 December 2015
NAV per share (RMB cents)	32.97	22.38	31.77	32.77

The net asset values per ordinary share as at 31 December 2016 and 31 December 2015 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 2016 ("FY2016") as compared to that for the full year ended 31 December 2015 ("FY2015")**



**Revenue**

Revenue recorded an increase of approximately 13.8% or RMB264.98 million in 2016 mainly due to a rise in sales from 586,160 tonnes in 2015 to 830,541 tonnes in 2016. This is partially offset by a drop of average sale price of LPG from RMB3,267(exl.VAT) per tonne in 2015 to RMB2,625 per tonne in 2016. There has been an increase of local demand due to the competitive advantage of LPG price as compared to alternative clear energy products. Secondly the Group had successfully developed new long term contracts with foreign customers in countries of Southeast Asia, which also contributed to the increase of sales volume in 2016.

**Gross profit/(loss)**

Gross profit slightly decreased by RMB7.24 million to RMB156.48 million in FY2016 as compared to FY2015. Correspondingly, gross profit margin decreased from 8.55% to 7.18% due to the decrease in oil price in the international market as compared to that in the prior year.

**Other operating income**

Other operating income decreased by RMB 4.38 million or 36.4% in FY2016 as compared to FY2015 mainly due to the decrease in shipping income by RMB10.55 million. This is partly offset by the increase of rental income of 'Ouhua XI' LPG vessel by RMB5.08 million.

**Operating expenses**

Operating expenses decreased mainly due to:

- (i) Selling and distribution expenses increased by approximately RMB8.6 million or 19.7% mainly due to the increase in land freight of RMB8.48 million and the increase in tugboat charges of RMB4.28 million, which were partially offset by the decrease in marine freight of RMB2.14 million and the decrease in LPG vehicle charge of RMB2.14 million.
- (ii) Administrative expenses decreased by RMB3.16 million or 12.1% mainly due to the decrease in Letter of credit application and certificate fee of RMB2.74 million resulting from reclassification, and the decrease in consulting fee of RMB3.09 million. This is partially offset by the increase in port construction and maintenance of RMB2.18 million, the increase in stamp duty of RMB0.32 and increase in other expenses of RMB0.39 million such as travelling, utilities and telephones.
- (iii) Other operating expenses increased by RMB4.33 million or 16.8% due mainly to the increase in depreciation of Ouhua XI' vessel of RMB5.24, the increase in Letter of credit application and certificate fee of RMB2.74 million resulting from reclassification. This is partially offset by the decrease in the exchange loss of RMB3.52 million.

**Finance cost**

Finance costs decreased by approximately RMB10.43 million or 37% mainly due to the decrease in interest expense for bank loans along with interest rate cut by central bank.

**Profit attributable to equity holders**

As a result of the above, the Group recorded a net profit attributable to equity holders of RMB40.97 million in FY2016 compare to a net loss of RMB51.92 million in FY2015.

**(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 2016**

Non-current assets decreased by approximately RMB13.56 million or 7.69% mainly due to fixed assets depreciation, which was partially offset by purchase of new assets of RMB1.35 million.

Current assets increased by approximately RMB71.82 million or 19.34% in FY 2016 from RMB371.31 million to RMB443.13 million mainly due to the increase in inventories of RMB105.44 million, increase of cash and cash equivalents of RM40.95 million and the increase of pledged fixed deposits of RMB14.09 million. This is partially offset by a decrease in held to maturity investment of RMB63.4 million and the decrease in trade and other receivables and due from related parties of RMB27.37 million.

Current liabilities increased by approximately RMB17.69 million or 3.83% in FY 2016 from RMB461.87 million to RMB479.56 million mainly due to the increase in trade and other payables of RMB89.67 million partially offset by the increase in the short-term borrowing of RMB72.26 million and the decrease in due to a related party of RMB4.02 million.

**Review of the Group's Cash Flow Statements for the financial year ended 31 December 2016**

Net cash generated from operating activities amounted to approximately RMB53.68 million due mainly to the profit before income tax of RMB73.49, after adding back non-cash items of RMB32.52 million and interest paid of RMB17.76 million in spite of the net cash outflow of working capital RMB2.05 million

Net cash outflows from working capital arose from an increase in inventories of RMB105.45 million, an increase in margin deposit of RMB2.12 million. This is partially offset by an increase in trade and other payable of RMB90.12 million, the increase in trade and other receivable of RMB9.36 million and due from related parties of RMB6.05 million.

Net cash flows generated from investing activities amounted to RMB62.05 million mainly due to the sale of held to maturity investments of RMB63.4 million, partially offset by the purchase of property, plant and equipment of RMB1.35 million.

Net cash outflows from financing activities amounted to RMB74.38 million mainly due to net repayment of bank borrowing of RMB72.26 million and increase in pledged fixed deposits of RMB14.09 million. This is partially offset by receipt from related parties of RMB11.97 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 of 2017 will be full of uncertainties. Going forward, over the next 12 months, international oil price is likely to remain volatile, and the slower economic growth rate in China as well as weaker RMB are likely to continue. These adverse external factors will continue to pose big challenges for our LPG business and our Group in 2017.

However, favourable changes in international oil prices recently may also provide some opportunities for better economic and business conditions in China and for our Group. This was partially reflected in our performance of 2016. 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 2017.

**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 2016.

**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
	2016	2015	Total
	RMB'000	RMB'000	
15(a) Sales reported for the first half year	1,055,720	792,303	33.25%
15(b) Profit/(Loss) after income tax for the first half year	13,199	19,966	-33.89%
15(c) Sales reported for second half year	1,124,119	1,122,560	0.14%
15(b) Profit/(Loss) after income tax for the second half year	27,774	31,956	-13.09%

**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\$
<b>Proposed dividend:</b>		
Ordinary	-	-

**17. Summary of Interested Person Transactions for the financial year ended 31 December 2016.**

The aggregate values of interested person transactions for the financial year ended 31 December 2016 are as follows:

Name of interested person	Aggregate value of all interested person transactions for the financial period ended 31 December 2016 (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		5,741	5,741
° Lease of LPG transportation vessel		7,029	7,029
<b>Chaozhou Zhongkai Huafeng Energy Retail Chain Co., Ltd.</b>			
° Sale of LPG	-	309,904	309,904
<b>Chaozhou Huafeng Refining Co., Ltd</b>			
° Lease of port terminals, land use rights, office premises and staff dormitory	-	5,236	5,236
<b>Chaozhou Kaihao Huafeng Gas Station Co., Ltd</b>			
° Purchase of petrol for car usage	38	-	-

**18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer**

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Company confirms that there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a Director, Chief Executive Officer or substantial shareholder of the Company.

**19. Issuer to confirm that it has procured undertaking from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1)**

The Board of Directors confirms that they have procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

**BY ORDER OF THE BOARD**

**Liang Guo Zhan**  
Executive Chairman  
28 February 2017