



OUHUA ENERGY HOLDINGS LIMITED

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

Unaudited Financial Statements For The First Quarter Ended 31 March 2017

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY RESULTS

1(a)(i) An income statement and statement of comprehensive income, for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2017

(RMB'000)	First quarter ended		% change
	31 March 2017	31 March 2016	
Revenue	611,757	553,303	10.6%
Cost of sales	(559,301)	(522,565)	7.0%
Gross profit	52,456	30,738	70.7%
Other operating income	1,793	1,793	0.0%
Selling and distribution expenses	(12,230)	(12,162)	0.6%
Administrative expenses	(4,267)	(5,314)	(19.7)%
Other operating expenses	(1,184)	(2,221)	(46.7)%
Finance costs	(4,375)	(6,056)	(27.8)%
Profit before income tax	32,193	6,778	375.0%
Income tax expense	-	-	
Profit for the financial period	32,193	6,778	375.0%

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED 31 MARCH 2017

(RMB'000)	First quarter ended		% change
	31 March 2017	31 March 2016	
Profit for the financial period	32,193	6,778	374.96%
Other comprehensive income			
Foreign currency translation differences	370	30	1133.33%
Total comprehensive income for the period	32,563	6,808	378.30%

Notes:

- (1) The consolidated financial statements of Ouhua Energy Holdings Limited together with its subsidiaries (the “**Group**”) have been prepared in accordance with the International Financial Reporting Standards.
- (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. Ouhua Energy Holdings Limited (the “**Company**”)’s subsidiary, Chaozhou Ouhua Energy Co., Ltd., was incorporated as a wholly-owned foreign enterprise and is able to enjoy full exemption from PRC income tax for the first two years commencing from its first profitable year (the financial year ended 2007) and thereafter entitled to a 50% exemption from the PRC income tax for the next three years.

1(a)(ii) Other information:

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

(RMB'000)	First quarter ended		% change
	31 March 2017	31 March 2016	
	(Unaudited)	(Unaudited)	
Depreciation of property, plant and equipment	(3,732)	(3,719)	0.35%
Interest expense	(4,375)	(6,056)	(27.76)%
Interest income	116	36	222.22%
Foreign exchange gain/(loss)	547	(1,233)	144.36%
Investment gain	13.75	-	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 ENDED 31 MARCH 2017

(RMB'000)	Group		Company	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	As at 31 March 2017	As at 31 December 2016	As at 31 March 2017	As at 31 December 2016
Non-current assets				
Property, plant and equipment	159,400	162,796	-	-
Investments in subsidiaries	-	-	156,277	156,277
	<u>159,400</u>	<u>162,796</u>	<u>156,277</u>	<u>156,277</u>
Current assets				
Inventories	61,650	159,004	-	-
Trade and other receivables	196,452	86,698	-	-
Due from related parties	100,244	86,495	-	-
Margin deposit with broker	2,587	1,587	2,587	3,601
Investment	-	14,114	-	-
Pledged fixed deposits	25,731	17,960	-	-
Cash and cash equivalents	56,419	77,274	78	351
	<u>443,083</u>	<u>443,132</u>	<u>2,665</u>	<u>3,952</u>
Less:				
Current liabilities				
Trade and other payables	175,246	157,049	6,921	3,801
Due to subsidiaries	-	-	29,718	28,432
Due to a related party	-	4,496	-	4,496
Due to holding company	1,725	1,734	1,725	1,734
Short-term borrowings	264,261	313,961	-	-
Income tax payables	2,317	2,317	-	-
	<u>443,549</u>	<u>479,557</u>	<u>38,364</u>	<u>38,463</u>
Net current (liabilities)/ assets	<u>(466)</u>	<u>(36,425)</u>	<u>(35,699)</u>	<u>(34,511)</u>
Net assets	<u>158,934</u>	<u>126,371</u>	<u>120,578</u>	<u>121,766</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	5,825	5,455	2,747	3,662
Accumulated losses	(142,339)	(174,532)	(161,955)	(161,682)
Equity attributable to equity holders of the Company	<u>158,934</u>	<u>126,371</u>	<u>120,578</u>	<u>121,766</u>

1(b)(ii) Aggregate amount of the group's borrowings and debt securities.**Amount repayable in one year or less, or on demand:**

(RMB'000)	<u>As at 31 March 2017</u>		<u>As at 31 December 2016</u>	
	Secured	Unsecured	Secured	Unsecured
Bank borrowings				
- short-term loan	160,000	-	161,000	-
- trust receipts	104,261	-	152,961	-
	<u>264,261</u>	<u>-</u>	<u>313,961</u>	<u>-</u>

Amount repayable after one year:

None.

Details of any collateral:As at 31 March 2017

The short-term loan of RMB 160 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 104.26 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 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.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

UNAUDITED CONSOLIDATED CASH FLOW STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2017

(RMB'000)	First quarter ended	
	31-Mar-17 (Unaudited)	31-Mar-16 (Unaudited)
Cash flows from operating activities		
Profit before income tax	32,193	6,778
Adjustments for:		
Depreciation of property, plant and equipment("PPE")	3,732	3,719
Loss on disposal of PPE	21	
Interest income	(116)	(36)
Interest expense	4,375	6,056
Operating profit before working capital changes	40,205	16,517
Working capital changes:		
Inventories	97,355	(30,910)
Trade and other receivables	(109,754)	(8,372)
Due from related parties	(25,718)	6,203
Trade and other payables	13,846	(2,777)
Margin deposit	1,014	7
Due to a related party	-	-
Cash generated from/(used in) operations	16,948	(19,332)
Interest paid	(4,530)	(6,051)
Interest received	116	36
Net cash generated from/(used in) operating activities	12,534	(25,347)
Cash flows from investing activities		
Purchase of property, plant and equipment	(357)	(833)
Proceeds from disposal of investment	12,100	75,400
Net cash flows generated from investing activities	11,743	74,567
Cash flows from financing activities		
Decrease in pledged fixed deposits	(7,771)	(2,140)
Receipt from related parties	11,969	
Proceeds from bank borrowings	194,517	263,788
Repayment of bank borrowings	(244,217)	(246,968)
Net cash (used in)/generated from financing activities	(45,502)	14,680
Exchange differences arising from translation of foreign entities	370	30
Net increase/(decrease) in cash and cash equivalents	(20,855)	63,930
Cash and cash equivalents at beginning of the financial period	77,274	36,322
Cash and cash equivalents at end of the financial period	56,419	100,252

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 three months ended 31 March 2017:

The Group

(RMB'000)	Share capital	Share premium	Statutory reserve	Foreign currency translation reserve	Accumulated losses	Total equity
Balance at 1 January 2016	149,488	130,298	15,662	5,854	(215,505)	85,797
Total comprehensive income for the period				30	6,778	6,808
Balance at 31 March 2016	149,488	130,298	15,662	5,884	(208,727)	92,605
Total comprehensive (loss)/income for the period	-	-	-	(429)	34,195	33,766
Balance at 31 December 2016	149,488	130,298	15,662	5,455	(174,532)	126,371
Total comprehensive income for the period	-	-	-	370	32,193	32,563
Balance at 31 March 2017	149,488	130,298	15,662	5,825	(142,339)	158,934

The Company

(RMB'000)	Share capital	Share premium	Statutory reserve	Foreign currency translation reserve	Accumulated losses	Total equity
Balance at 1 January 2016	149,488	130,298	-	5,813	(159,981)	125,618
Total comprehensive loss for the period	-	-	-	(3,066)	(1,974)	(5,040)
Balance at 31 March 2016	149,488	130,298	-	2,747	(161,955)	120,578
Total comprehensive profit for the period	-	-	-	915	273	1,188
Balance at 31 December 2016	149,488	130,298	-	3,662	(161,682)	121,766
Total comprehensive loss for the period	-	-	-	(915)	(273)	(1,188)
Balance at 31 March 2017	149,488	130,298	-	2,747	(161,955)	120,578

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 the number of shares that may be issued on conversion of all the outstanding convertibles if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There were no new shares issued in the first quarter ended 31 March 2017 and no outstanding convertibles held as at 31 March 2017 and 31 March 2016.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at 31 March 2017 and 31 December 2016, the Company has 383,288,000 total issued shares (excluding treasury shares) at US\$0.05 each fully paid up.

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has adopted the same accounting policies and methods of computation as stated in the audited financial statements for the year ended 31 December 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.

None.

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

	First quarter ended	
	31 March 2017	31 March 2016
	(Unaudited)	(Unaudited)
Earnings / (Loss) per share – basic (RMB cents)	8.40	1.77

The basic earnings/(loss) per ordinary share for the first quarter ended 31 March 2017 and 31 March 2016 have been calculated based on the outstanding share capital of 383,288,000 shares.

The diluted earnings/(loss) per share for the above periods have not been calculated as no diluting events occurred during these periods.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**
 (a) **current financial period reported on; and**
 (b) **immediately preceding financial year.**

	Group		Company	
	As at	As at	As at	As at
	31 March	31 December	31 March	31 December
	2017	2016	2017	2016
NAV per share (RMB cents)	41.47	32.97	31.46	31.77

The net asset value per ordinary share as at 31 March 2017 and 31 December 2016 are calculated using the Company's and Group's net asset values as at the end of each period divided by the outstanding share capital of 383,288,000 ordinary shares.

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

Review of the Group's Performance for the first quarter ended 31 March 2017 ("1Q2017") as compared to that of the first quarter ended 31 March 2016 ("1Q2016")

Revenue

Revenue increased by approximately 10.6% or RMB58.45 million despite a drop in sales volume of liquid petroleum gas ("LPG") from 208,005 tonnes 1Q2016 to 165,194 tonnes 1Q2017. This was mainly due to the increase in average sale price of LPG from RMB2,660 per tonne in 1Q2016 to RMB3,703 per tonne in 1Q2017. The price competitiveness of LPG as compared to substitute products also contributed to the increase in revenue during the period.

Gross profit

There was an increase in Gross profit between 1Q2016 and 1Q2017 of RMB21.72 million. Correspondingly, gross profit margin increased from 5.6% in 1Q2016 to 8.6% in 1Q2017.

Other operating income

Other operating income of 1Q2017 remained the same as 1Q2016. This was despite changes in some items such as the decrease in cash rewards from local authority of RMB0.33 million and the decrease in vessel rental income of RMB0.21 million, which were partially offset by the increase in foreign exchange gain of RMB0.55 million.

Operating expenses

Operating expenses decreased by RMB2.02 million or 10.2% mainly due to the following:

- (i) Selling and distribution expenses increased marginally by approximately RMB0.07 million or 0.6%. There had been an increase in marine freight of RMB0.11 million and an increase in land freight of RMB1.21 million, partially offset by a decrease in the vehicle charges of RMB0.5 million and a decrease in the tugboat charges of RMB0.68 million.
- (ii) Administrative expenses decreased by RMB1.05 million or 19.7%. There had been a decrease in sea route charge of RMB0.48 million, a decrease in terminal construction expenses of RMB0.28 million, a decrease in maintenance fee of RMB0.26 million, a decrease in stamp duty of RMB0.19 million and decrease in consulting fee of RMB0.18 million, which were partially offset by an increase of salary of RMB0.17 million and an increase in decoration expenses of RMB0.07 million.
- (iii) Other operating expenses decreased by RMB1.04 million or 46.7%. There has been a decrease in the foreign exchange losses of RMB1.23 million and decrease in bank charges of RMB0.87 million, partially offset by an increase in credit letter fee of RMB0.77 million.

Finance cost

Finance costs decreased by approximately RMB1.68 million or 27.8% mainly due to a decrease in interest expenses and the decrease in the average loans from banks.

(b) Any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of the Group's Financial Position as at 31 March 2017 and the Group's Financial Position as at 31 December 2016

Current assets decreased marginally by approximately RMB0.05 million or 0.01% from RMB443.13 million as at 31 December 2016 to RMB443.08 million as at 31 March 2017. This was mainly due to a decrease in inventories of RMB97.35 million, decrease in cash and cash equivalents of RMB20.86 million and the decrease in available-for-sale investments of RMB12.1 million, partially offset by an increase in trade and other receivables of RMB109.75 million and increase in due from related parties of RMB13.75 million.

Current liabilities decreased by approximately RMB36.01 million or 7.51% from RMB479.56 million as at 31 December 2016 to RMB443.55 million as at 31 March 2017. This is mainly due to a decrease in short term borrowings of RMB49.7 million, partially offset by increase in the trade and other payables of RMB18.2 million.

Review of the Group's Cash Flow Statements for 1Q2017

Net cash generated from operating activities amounted to approximately RMB16.95 million. This is mainly due to the profit before income tax of RMB32.19 million, after adding non-cash items of RMB3.73 million, partially offset by the net cash outflows of working capital of RMB23.26 million and net interest payment of RMB4.26 million.

Net cash outflows from working capital were mainly caused by an increase in the trade and other receivables (excluding interest receivables) of RMB109.75 million and the increase in the due from related parties of RMB25.72 million, partially offset by a decrease in the inventories of RMB97.36 million and an increase in trade and other payables (excluding interest payables) of RMB13.85 million.

Net cash generated from investing activities amounted to RMB11.74 million due to proceeds from disposal of available-for-sale investments of RMB12.1 million, partially offset by purchase of fixed assets of RMB0.36 million.

Net cash used in financing activities amounted to RMB45.5 million mainly due to a decrease in bank borrowings.

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

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

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

The global economic growth outlook in the following months until end of 2017 is generally expected to be more favourable than the previous year. However, international oil prices are likely to remain volatile due to geopolitical factors and oil supply concerns. In addition, the lower economic growth rate for China and weaker RMB will most likely continue for this year. These adverse external factors will continue to pose big challenges for the Company's LPG business.

However, the recent substantial decline in international oil prices may also provide some opportunities for better economic and business conditions for China and the Group, as evidenced by the Company's favorable performance in 1Q2017. The Group will continue to be prudent in managing its business risks, control its operating costs and take advantage of all opportunities going forward in coping with all its challenges, and strive to enhance its profit growth for the rest of the financial year.

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

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

None.

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

None.

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

Not applicable.

(d) The date the dividend is payable.

Not applicable.

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

Not applicable.

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

No dividend has been declared or recommended for the first quarter ended 31 March 2017.

13. Summary of Interested Person Transactions for the financial period ended 31 March 2017

The aggregate values of interested person transactions for the financial period ended 31 March 2017 are as follows:

Name of interested person	Aggregate value of all interested person transactions for the financial period ended 31 March 2017 (excluding transactions less than S\$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 S\$100,000) RMB'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (including transactions less than S\$100,000) RMB'000
Chaozhou Huafeng (Group) Incorporation Ltd			
◦ Lease of LPG transportation vehicles		1,140	1,140
◦ Marine freight service	-	-	-
◦ Lease of LPG transportation vessel	-	-	-
Chaozhou Zhongkai Huafeng Energy Retail Chain Co., Ltd.			
◦ Sale of LPG	-	61,168	61,168
Chaozhou Huafeng Petroleum and Warehouse Co., Ltd.			
◦ Lease of storage tankers	-		-
◦ Purchase of petrol for car usage	-	-	-
Chaozhou Huafeng Refining Co., Ltd			
◦ Lease of port terminals, land use rights, office premises and staff dormitory	-	-	110
Chaozhou Kaihao Huafeng Gas Station Co., Ltd			
◦ Purchase of petrol for car usage	1	-	-

14. Confirmation pursuant to Rule 705(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”)

We, Liang Guo Zhan and Ye Tian Shun, being Directors of the Company, do hereby confirm, for and on behalf of the Board of Directors of the Company, that, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial statements for 1Q2017 to be false or misleading in any material aspect.

15. Confirmation pursuant to Rule 720(1) of the Listing Manual of SGX-ST

We, Liang Guo Zhan and Ye Tian Shun, being Directors of the Company, do hereby confirm, for and on behalf of the Board of Directors of the Company, that the Company has procured undertakings from all its directors and executive officers of compliance with the Rules of the Listing Manual of SGX-ST.

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
11 May 2017