



## 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 2018

#### 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 2018

(RMB'000)	First quarter ended		% change
	31 March 2018	31 March 2017	
Revenue	626,547	611,757	2.4%
Cost of sales	<u>(617,561)</u>	<u>(559,301)</u>	10.4%
Gross profit	8,986	52,456	-82.9%
Other operating income	9,254	1,793	416.1%
Selling and distribution expenses	(6,700)	(12,230)	-45.2%
Administrative expenses	(5,015)	(4,267)	17.5%
Other operating expenses	<u>(722)</u>	<u>(1,184)</u>	-39.0%
Profit from operations before interest	5,803	36,568	-84.1%
Finance costs	<u>(1,841)</u>	<u>(4,375)</u>	-57.9%
Profit before income tax	3,962	32,193	-87.7%
Income tax	-	-	
Profit for the financial period	<u>3,962</u>	<u>32,193</u>	-87.7%

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED 31 MARCH 2018**

(RMB'000)	31 March 2018	31 March 2017	% change
Profit for the financial year	3,962	32,193	-87.69%
Other comprehensive income			
Foreign currency translation differences	995	370	168.92%
Total comprehensive profit for the period	<u>4,957</u>	<u>32,563</u>	-84.78%

**Notes:**

- (1) The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (the "IFRS").
- (2) In accordance with the new Corporate Income Tax Law of the People's Republic of China (the "PRC"), the applicable income tax rate for all PRC domestic enterprises and Foreign Investment Enterprises is 25% with effect from 1 January 2012 after tax holiday ended at the end of 2011. Accumulative losses may be carried forward for five 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-Mar-18 <u>(Unaudited)</u>	31-Mar-17 <u>(Unaudited)</u>	
Depreciation of property, plant and equipment	(3,573)	(3,732)	-4.26%
Interest expense	(1,494)	(4,375)	-65.85%
Interest income	69	116	-40.52%
Foreign exchange gain	9,256	547	1592.14%
Investment gain		14	-100.00%

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

**UNAUDITED STATEMENT OF FINANCIAL POSITION**

(RMB'000)	Group		Company	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	As at 31 March 2018	As at 31 December 2017	As at 31 March 2018	As at December 2017
<b>Non-current assets</b>				
Property, plant and equipment	147,363	150,833	-	-
Investments in subsidiaries	-	-	156,277	156,277
	<u>147,363</u>	<u>150,833</u>	<u>156,277</u>	<u>156,277</u>
<b>Current assets</b>				
Inventories	112,339	142,115	-	-
Trade and other receivables	57,236	77,680	95	98
Due from related parties	67,268	51,116	-	-
Margin deposit with broker	2,123	1,495	2,061	2,123
Investment		628	-	-
Pledged fixed deposits		18,701	-	-
Cash and cash equivalents	56,212	113,987	151	156
	<u>295,178</u>	<u>405,723</u>	<u>2,307</u>	<u>2,665</u>
Less:				
<b>Current liabilities</b>				
Trade and other payables	101,815	260,165	3,633	3,771
Due to subsidiaries			27,400	28,222
Due to a related party	1,870	5,068	1,870	4,235
Due to holding company	1,585	0	1,585	1,633
Short-term borrowings	127,404	66,910	-	0
Income tax payables	2,989	2,989	-	-
	<u>235,663</u>	<u>335,133</u>	<u>34,488</u>	<u>37,861</u>
<b>Net current (liabilities)/ assets</b>	<u>59,515</u>	<u>70,589</u>	<u>(32,181)</u>	<u>(35,484)</u>
<b>Non-current liabilities:</b>				
long term debt	38,500	58,000		
<b>Net assets</b>	<u>168,378</u>	<u>163,422</u>	<u>124,096</u>	<u>120,793</u>
<b>Shareholders' equity</b>				
Share capital	149,488	149,488	149,488	149,488
Share premium	130,298	130,298	130,298	130,298
Statutory reserve	15,662	15,662	-	-
Foreign currency translation reserve	6,873	5,878	6,753	5,758
Accumulated losses	(133,942)	(137,904)	(162,443)	(164,751)
<b>Equity attributable to equity holders of the Company</b>	<u>168,378</u>	<u>163,422</u>	<u>124,096</u>	<u>120,793</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 March 2018		As at 31 December 2017	
	Secured	Unsecured	Secured	Unsecured
Bank borrowings				
- short-term loan		-		-
- trust receipts	127,404	-	66,910	-
	<u>127,404</u>		<u>66,910</u>	

**AMOUNT REPAYABLE AFTER ONE YEAR**

(RMB'000)	As at 31 March 2018		As at 31 March 2017	
	Secured	Unsecured	Secured	Unsecured
- long-term loan	<u>38,500</u>	-	<u>58,000</u>	-

**DETAILS OF ANY COLLATERAL****As at 31 March 2018**

The long-term loan of RMB 38.5 million is secured by a mortgage over six of the Group's refrigerated storage tanks, a vessel named "Ouhua XI", a personal guarantee given by Mr Liang Guo Zhan (Executive Chairman) and a corporate guarantee given by several related parties.

The trust receipt facility of RMB 127.4 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 2017**

The long-term loan of RMB 58.0 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 66.9 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 2018**

(RMB'000)	First quarter ended	
	31-Mar-18 (Unaudited)	31-Dec-17 (Audited)
Cash flows from operating activities		
Profit before income tax	3,962	36,628
Adjustments for:		
Depreciation of property, plant and equipment("PPE")	3,573	14,984
Loss on disposal of PPE		21
Interest income	(69)	(157)
Interest expense	1,494	14,079
Loss on disposal of financial asset at fair value through profit and loss		1,079
Fair value (gain) on financial assets at fair value through profit or loss		(107)
Operating profit before working capital changes	8,960	66,527
Working capital changes:		
Inventories	29,776	16,889
Trade and other receivables	21,072	9,018
Due from related parties	(16,152)	35,379
Trade and other payables	(157,678)	102,156
Due to a related party	(3,246)	833
Cash used in operations	(117,268)	230,802
Interest paid	(1,494)	(14,079)
Interest received	69	157
Net cash used in operating activities	(118,693)	216,880
Cash flows from investing activities		
Purchase of property, plant and equipment	(399)	(3,042)
Proceeds from disposal of investment	628	12,514
Net cash flows generated from investing activities	229	9,472
Cash flows from financing activities		
Decrease in pledged fixed deposits	18,701	(741)
Receipt from related parties		
Proceeds from bank borrowings	60,494	947,006
Repayment of bank borrowings	(19,500)	(1,136,057)
Net cash generated from financing activities	59,695	(189,792)
Exchange differences arising from translation of foreign entities	995	153
Net (decrease) in cash and cash equivalents	(57,775)	36,560
Cash and cash equivalents at beginning of the financial period	113,987	77,274
Cash and cash equivalents at end of the financial period	56,212	113,987

**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 capitalization 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 2018**

<u>The Group</u>	Share capital	Share premium	Statutory reserve	Foreign currency translation reserve	Accumulated losses	Total equity
(RMB'000)						
Balance at 1 January 2017	149,488	130,298	15,662	5,825	-142,339	158,934
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
Total comprehensive (loss)/income for the period	-	-	-	53	4,435	4,488
Balance at 31 December 2017	149,488	130,298	15,662	5,878	(137,904)	163,422
Total comprehensive income for the period	-	-	-	995	3,962	4,957
Balance at 31 March 2018	149,488	130,298	15,662	6,873	(133,942)	168,379

<u>The Company</u>	Share capital	Share premium	Statutory reserve	Foreign currency translation reserve	Accumulated losses	Total equity
(RMB'000)						
Balance at 1 January 2017	149,488	130,298	-	3,662	-161,682	121,766
Total comprehensive income for the period	-	-	-	(915)	(273)	(1,188)
Balance at 31 March 2017	149,488	130,298	-	2,747	(161,955)	120,578
Total comprehensive (loss)/income for the period	-	-	-	3,011	(2,796)	215
Balance at 31 December 2017	149,488	130,298	-	5,758	(164,751)	(120,793)
Total comprehensive income for the period	-	-	-	995	2,308	3,303
Balance at 31 March 2018	149,488	130,298	-	6,753	(162,443)	(117,490)

**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 first quarter ended 31 March 2018 and no outstanding convertibles or treasury shares held as at 31 March 2018 and 31 March 2017.

**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.**

Ouhua Energy Holdings Limited (“the Company”) has 383,288,000 total issued shares (excluding treasury shares) at US\$0.05 each fully paid up as at 31 March 2018 and 31 December 2017.

**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.**

The figures have not 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 2017.

**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).**

(RMB'000)	First quarter ended	
	31 March 2018 (Unaudited)	31 March 2017 (Unaudited)
Number of shares	383,288	383,288
EPS (RMB cent)	1.03	8.40

The basic earnings /(loss) per ordinary share for the first quarter ended 31 March 2018 and 31 March 2017 have been calculated based on the weighted average 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 2018	31 December 2017	31 March 2018	31 December 2017
NAV per share (RMB cents)	43.93	42.64	32.38	31.51

The net asset value per ordinary share as at 31 March 2018 and 31 December 2017 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 2018 ("1Q2018") AS COMPARED TO THAT OF THE FIRST QUARTER ENDED 31 MARCH 2017 ("1Q2017")**

**Revenue**

Revenue increased by approximately 2.4% or RMB 14.79 million, mainly due to the increase in the sales volume of liquified petroleum gas ("LPG") from 165,194 tonnes 1Q2017 to 169,410 tonnes in 1Q2018. This is partially offset by the drop of average sale price of LPG from RMB 3,703 per tonne in 1Q2017 to RMB 3,698 per tonne in 1Q2018. Price competitiveness of LPG as compared to substitute products contributed to the increase of local demand during the period.

**Gross Profit/(Loss)**

Gross profit decreased by RMB 43.47 million or 82.9% as compared to 1Q2017 due to the decrease in the margin and change in margin mix, domestic volume increase by 17% (165,124 tonnes vs corresponding period of 140,724 tonnes) whilst export volume down by 82% (4,286 tonnes vs corresponding period of 24,470 tonnes) as result of canceling a non-profitable long term contract with an export customer. Correspondingly, gross profit margin decreased from 8.6% in 1Q2017 to 1.43% in 1Q2018.

**Other operating income**

Other operating income increased by RMB 8.8 million or 489.2% as compared to 1Q2017, mainly due to the increase in the foreign exchange gain of RMB 9.25 million.



**Operating expenses**

Operating expenses decreased by RMB 5.2 million or 29.7% mainly due to the following:

- (i) Selling and distribution expenses decreased by approximately RMB 5.53 million or 45.2% due to marine freight decrease RMB 6.7 million driven by less export volume;
- (ii) Administrative expenses increased by RMB 0.7 million or 15.3% mainly due salary increase and port construction cost increase; and
- (iii) Other operating expenses decreased by RMB 0.5 million or 39% mainly due to bank charges decrease and miscellaneous.

Finance costs decreased by approximately RMB 2.5 million or 57.9% mainly due to a decrease in interest expenses by RMB 2.9 million, which was driven by the decrease in 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 2018 AND THE GROUP'S FINANCIAL POSITION AS AT 31 DECEMBER 2017**

Current assets decreased by approximately RMB 110.5 million or 27.2% from RMB 405.7 million as at 31 December 2017 to RMB 295.2 million as at 31 March 2018. This is mainly due to a decrease in inventories of RMB 29.8 million, decrease in cash and cash equivalents of RMB 57.8 million and the decrease in trade and other receivables of RMB 21.1 million, and partially offset by increase in due from related parties of RMB 16.2 million.

Current liabilities decreased by approximately RMB 99.5 million or 29.6% from RMB 335.1 million as at 31 December 2017 to RMB 235.7 million as at 31 March 2018. This is mainly due to decrease in the trade and other payables of RMB 157.7 million, partially offset by an increase in short term borrowings of RMB 60.5 million.

**REVIEW OF THE GROUP'S CASH FLOW STATEMENTS FOR 1Q2018**

Net cash outflow generated from operating activities amounted to approximately RMB 118.7 million. This is mainly due to the profit before income tax of RMB 4.0 million, after adding non-cash items of RMB 3.6 million, offset by the net cash outflows of working capital of RMB 126.39 million and net interest payment of RMB 1.4 million.

Net cash outflows from working capital mainly caused by a decrease in trade and other payables (excluding interest payables) of RMB 157.7 million, and the decrease due from/to related parties of RMB 16.2 million, partially offset by a decrease in the trade and other receivables (excluding interest receivables) of RMB 21.1 million and a decrease in the inventories of RMB 29.8 million.

Net cash outflow generated from investing activities amounted to RMB 0.2 million due to purchase of fixed assets of RMB 0.4 million, which was offset by disposal of investment 0.6million.

Net cash generated from financing activities amounted to RMB 59.7 million mainly due to increase in short term borrowing of RMB 60 million, decrease in fixed deposit RMB 18.7 million and partially offset by repayment of long term bank borrowings RMB 19.5 million.

**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.**

International oil price has risen substantially recently and is likely to remain high as the OPEC countries continue to stick to their production quotas to boost oil prices and also the geopolitical tensions in the Middle East. In addition, trade tensions are also likely to have some impact on the China economy and the RMB will likely be weaker following recent trends. The global economy remains healthy although the growth rate may be slower. The Group is keeping close watch over these market and global trends in managing its business risks, particularly bearing in mind its less favourable performance in 1Q2018. Over the next 12 months and for 2Q2018, the Group is cautiously optimistic that it can cope with these challenges ahead and will remain prudent in controlling its operating costs to improve its performance.

**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 2018.

### 13. Summary of Interested Person Transactions for the financial period ended 31 March 2018

The aggregate values of interested person transactions for the financial period ended 31 March 2018 are as follows:

Name of interested person	Aggregate value of all interested person transactions for the financial period ended 31 March 2018 (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		1,256.34	1,256.34
◦ Marine freight service		-	-
◦ Lease of LPG transportation vessel		-	-
Chaozhou Zhongkai Huafeng Energy Retail Chain Co., Ltd.			
◦ Sale of LPG		29,415.29	29,415.29
Chaozhou Huafeng Petroleum and Warehouse Co., Ltd.			
◦ Lease of storage tankers		=	
Chaozhou Huafeng Refining Co., Ltd			
◦ Lease of port terminals, land use rights, office premises and staff dormitory		119,789.61	119,789.61
Chaozhou Kaihao Huafeng Gas Station Co., Ltd			
◦ Purchase of petrol for car usage	18,074.25	-	18,074.25

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

The Board Directors of the Company does hereby confirm 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 the first quarter ended 31 March 2018 to be false or misleading in any material aspect.

### 15. Confirmation that the Issuer has procured undertakings 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 SGX-ST.

**BY ORDER OF THE BOARD**

**Liang Guo Zhan**

Executive Chairman

15 May 2018