



OUHUA ENERGY HOLDINGS LIMITED

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

Unaudited Financial Statements For The Third Quarter Ended 30 September 2017

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY RESULTS (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

UNAUDITED CONSOLIDATED INCOME STATEMENTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017

(RMB'000)	Third quarter ended			Nine months ended		
	30-Sep-17	30-Sep-16	% change	30-Sep-17	30-Sep-16	% change
Revenue	565,086	488,090	15.77%	1,806,843	1,543,810	17.04%
Cost of sales	(542,887)	(460,669)	17.85%	(1,736,492)	(1,448,874)	19.85%
Gross profit/loss	22,199	27,421	-19.04%	70,351	94,936	-25.90%
Other operating income	9,213	1,929	NM	15,783	5,930	NM
Selling and distribution expenses	(9,321)	(16,140)	-42.25%	(35,864)	(42,135)	-14.88%
Administrative expenses	(4,528)	(5,200)	-12.92%	(14,395)	(15,352)	-6.23%
Other operating expenses	(2,884)	(2,968)	-2.83%	(4,752)	(14,363)	-66.91%
Finance costs	(3,400)	(3,922)	-13.31%	(11,206)	(14,697)	-23.75%
Profit before income tax	11,279	1,120	NM	19,917	14,319	39.09%
Income tax	-	-		-	-	
Profit for the financial period	11,279	1,120	NM	19,917	14,319	39.09%

NM: not meaningful

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(LOSS) FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017

(RMB'000)	Third quarter ended		% change	Nine months ended	
	30-Sep-17	30-Sep-16		30-Sep-17	30-Sep-16
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)
Profit(Loss) for the financial period	11,279	1,120	NM	19,917	14,319
Other comprehensive income/(expenses)					
Foreign currency translation differences	(57)	(46)	23.91%	418	(179)
Total comprehensive income for the period	11,222	1,074	NM	20,335	14,140

Notes:

- (1) The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (the "IFRS").
- (2) In accordance with the new PRC Corporate Income Tax Law, the applicable income tax rate for all the PRC domestic enterprises and Foreign Investment Enterprises is 25% with effect from 1 January 2008. The Company's subsidiary, Chaozhou Ouhua Energy Co., Ltd. was incorporated as a wholly owned foreign enterprise and is able to enjoy full exemption from the PRC income tax for the first two years commencing from its first profitable year (FY2007) and thereafter entitled to a 50% exemption from the PRC income tax for the immediately following three years.

1(a)(ii) Other information:

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

(RMB'000)	Third quarter ended			Nine months ended		
	30-Sep-17	30-Sep-16	% change	30-Sep-17	30-Sep-16	% change
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Depreciation of property, plant and equipment	(3,424)	(3,727)	-8.13%	(10,901)	(11,174)	-2.44%
Interest expense	(3,427)	(3,922)	-12.62%	(11,233)	(14,697)	-23.57%
Interest income	27	24	12.50%	102	87	17.24%
Foreign exchange gain/(loss)	792	(2,204)	-135.93%	4,620	(11,814)	-139.11%
investment gain	-	-		14	-	

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 30 September 2017	As at 31 December 2016	As at 30 September 2017	As at 31 December 2016
Non-current assets				
Property, plant and equipment	154,550	162,796	-	-
Investments in subsidiaries	-	-	156,277	156,277
	<u>154,550</u>	<u>162,796</u>	<u>156,277</u>	<u>156,277</u>
Current assets				
Inventories	45,635	159,004	-	-
Trade and other receivables	261,141	86,698	-	-
Due from related parties	105,455	86,495	-	-
Margin deposit	4,340	1,587	-	3,601
investment	2,489	14,114	2489	-
Pledged fixed deposits		17,960	-	-
Cash and cash equivalents	67,013	77,274	281	351
	<u>486,073</u>	<u>443,132</u>	<u>2,770</u>	<u>3,952</u>
Less:				
Current liabilities				
Trade and other payables	54,258	157,049	1,923	3,801
Due to subsidiaries	-	-	21,156	28,432
Due to a related party	99,545	4,496	-	4,496
Short-term borrowings	332,818	313,961	-	-
Due to holding company	1,694	1,734	1,694	1,734
Income tax payables	5,602	2,317	-	-
	<u>493,917</u>	<u>479,557</u>	<u>24,773</u>	<u>38,463</u>
Net current (liabilities)/ assets	<u>(7,844)</u>	<u>(36,425)</u>	<u>(22,003)</u>	<u>(34,511)</u>
Net assets	<u>146,706</u>	<u>126,371</u>	<u>134,274</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	5,873	5,455	3,333	3,662
Accumulated losses	(154,615)	(174,532)	(148,845)	(161,682)
Equity attributable to equity holders of the Company	<u>146,706</u>	<u>126,371</u>	<u>134,274</u>	<u>121,766</u>

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

(RMB'000)	As at 30 September 2017		As at 31 December 2016	
	Secured	Unsecured	Secured	Unsecured
Bank borrowings				
- short-term loan	138,100	-	161,000	-
- trust receipts	194,718	-	152,961	-
	<u>332,818</u>	<u>-</u>	<u>313,961</u>	<u>-</u>

Amount repayable after one year

None.

Details of any collateral

As at 30 September 2017

The short-term loan of RMB 138.1 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 194.7 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 161million 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 and guarantee given by Mr Liang Guo Zhan (Executive Chairman) and corporate guarantees given by several related parties.

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

UNAUDITED CONSOLIDATED CASH FLOW STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

UNAUDITED CONSOLIDATED CASH FLOW STATEMENTS

(RMB'000)

	30-Sep-17	30-Sep-16
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit before income tax	11,279	1,120
Adjustments for:		
Depreciation of property, plant and equipment	3,424	3,727
Interest income	(27)	(24)
Interest expense	3,427	3,922
Operating profit before working capital changes	18,103	8,745
Working capital changes:		
Inventories	116,663	34,963
Trade and other receivables	(154,999)	27,641
Due from a related party	(19,504)	43,445
Trade and other payables	(102,270)	(57,782)
Margin deposit	(1,800)	(1)
Due to a related party	99,545	-
Cash flow (used in)/generated from operations	(44,262)	57,001
Interest paid	(3,427)	(3,959)
Interest received	27	24
Income tax payable	3,285	-
Net cash (used in)/from generated from operating activities	(44,377)	53,066
Cash flows (used in) /generated from investing activities		
Purchase of property, plant and equipment	1,432	(70)
investment	(2,489)	-
Net cash flows(used in)investing activities	(1,057)	(70)
Cash flows from financing activities		
Increase and decrease in pledged fixed deposits	12,310	(590)
Proceeds from bank borrowings	60,034	240,151
Repayment of bank borrowings	-	(278,560)

Net cash(used in)/gereraned from financing activities	72,344	(38,999)
Exchange differences arising from translation of foreign entities	(57)	(46)
Net increase in cash and cash equivalent s	26,853	13,951
Cash and cash equivalent s at beginning of the financial period	40,160	98,751
Cash and cash equivalent s at end of the financial year	67,013	112,702

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Unaudited statement of changes in equity for the nine months ended 30 September 2017

<u>The Group</u>						
(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				(179)	14,319	14,140
Balance at 30 September 2016	149,488	130,298	15,662	5,675	(201,186)	99,937
Total comprehensive income/(loss) for the period	-	-	-	(220)	26,654	26,434
Balance at 1 January 2017	149,488	130,298	15,662	5,455	(174,532)	126,371
Total comprehensive income/(loss) for the period	-	-	-	418	19,917	20,335
Balance at 30 September 2017	149,488	130,298	15,662	5,873	(154,615)	146,706

<u>The Company</u>						
(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 income/(loss) for the period	-	-	-	638	(580)	58
Balance at 30 September 2016	149,488	130,298	-	6,451	(160,561)	125,676
Total comprehensive loss for the period	-	-	-	(2,789)	(1,121)	(3,910)
Balance at 1 January 2017	149,488	130,298	-	3,662	(161,682)	121,766
Total comprehensive loss for the period	-	-	-	(329)	12,837	12,508
Balance at 30 September 2017	149,488	130,298	-	3,333	(148,845)	134,274

- 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 third quarter ended 30 September 2017 and no outstanding convertibles or treasury shares held as at 30 September 2017 and 30 September 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.**

The number of the Company's total issued shares as at 30 September 2017 and 31 December 2016 is 383,288,000 ordinary shares of US\$0.05 each fully paid.

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

Not applicable.

- 1(d)(v) A statement showing all sales, transfers disposal, 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.**

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 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).

	Third quarter ended		Nine months ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
EPS – basic (RMB cents)	0.03	0	0.04	0.04

Basic earning per ordinary share for the third quarter and nine months ended 30 September 2017 and 30 September 2016 have been calculated based on the weighted average share capital of 383,288,000 shares.

Diluted earnings per share for the above periods have not been calculated as no diluting events occurred during these periods.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

- (a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	As at 30 September 2017	As at 31 December 2016	As at 30 September 2017	As at 31 December 2016
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
NAV per share (RMB cents)	38.76	32.97	35.03	31.77

The net asset values per ordinary share as at 30 September 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 third quarter ended 30 September 2017 ("3Q2017") as compared to that of the third quarter ended 30 September 2016 ("3Q2016")

Revenue

Revenue recorded increase of approximately 15.77% or RMB76.96 million in 3Q2017, mainly due to increase of sales price of LPG from 2,561 per tonne in 3Q2016 to 3,101 per tonne in 3Q2017 despite the drop of average sale volume of LPG from 196,165 tons in 3Q2016 to 180,165 tons in 3Q2017.

Cost of sales

Cost of sales increase by 17.85% or RMB 82.21 million in 3Q2017 due to the increase the price of raw material by 15.04% .or RMB 66.36 million.

Gross Profit

Gross profit decreased by RMB5.22 million or 19.04% in 3Q2017 as compared to 3Q2016. Correspondingly, gross profit margin decreased from 5.62% to 3.93% mainly due to the fluctuation of LPG purchase price which was more volatile in 3Q2017 as compared to 3Q2016. On top of that the arrangement of sales and purchase in terms of timing and quantity became more challenging for the management.

Other operating income

Other operating income increased by RMB 7.284 million mainly due to the increase of foreign exchange gain

Operating expenses

Operating expenses decreased due mainly to:

Selling and distribution expenses decreased by approximately RMB6.81million or 42.25% mainly due to decrease in the land freight of RMB6.95 million , decrease in the tugboat charges of RMB1.86 million

Administrative expenses decreased by RMB0.672 million or 12.92% mainly due to decrease in the salary and the port fee

Finance cost

Finance costs decreased by approximately RMB0.522 million or 13.31% mainly due to decrease in bank loan interest and the average loan amounts.

Profit attributable to equity holders

As a result of the above, net profit attributable to equity holders recorded RMB11.22million in 3Q2017

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

Review of the Group's Financial Position as at 30 September 2017 and the Group's Financial Position as at 31 December 2016

Current assets increased by approximately RMB42.94 or 9.69% from RMB443million in December 2016 to RMB486million as at 30 September 2017. This is mainly due to increase in trade and other receivables of RMB174.43million, increase in due from related parties of 18.96

million, partly offset by the decrease in Inventories of RMB 113.36 million, investment of RMB 11.62 million and Cash and cash equivalents of RMB10.26million

Current liabilities increased by approximately RMB14.36 million or 2.99% from RMB479.55 million as at 31 December 2016 to RMB493.91million as at September 2017. This is mainly due to decrease in the trade and other payables of RMB102.79 million and increase of the due to a related party of RMB95.04 million

Review of the Group's Cash Flow Statements for 3Q2017

The Group's net cash generated before operating working capital changes amounted to approximately RMB18.1 million mainly due to the profit before income tax of RMB11.28 million and after adding non-cash items and net interest amounting to RMB6.8 million. Net cash used in working capital amounted to RMB62.4 million mainly due to decrease in the inventories of RMB116.66 million and increase in due to related party of RMB99.5 million and offset by increase in trade and other payables of RMB102.27 million, increase in the amounts due from related parties of RMB19.5 million and increase in trade and other receivables of RMB155 million. Net cash used in operating activities amounted RMB44.4 million after decrease in net interest paid of RMB3.4 million and increase in income tax payables of RMB3.29 million.

Net cash used in investing activities amounted to RMB1.06 million due to the disposal of property, plant and equipment of RMB1,4 million and increase in investment of RMB2.49 million.

Net cash generated from financing activities amounted to RMB72.34 million mainly due to the increase of bank borrowings RMB60.03million and decrease in pledged deposit of RMB12.3 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 until end of 2017 and the next year will still be full of uncertainties and challenges. Going forward, over the next 12 months, the international oil prices are likely to remain volatile. The price of the liquid petroleum gas increased compared to liquid natural gas which made the local customers reduced the use of the liquid petroleum gas. However, the lower economic growth rate for China and weaker RMB are likely to change better. The company would 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 enlarge market in the rural areas and enhanced our profitability as soon as possible.

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

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

None.

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

None.

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

Not applicable.

- (d) *The date the dividend is payable.*

Not applicable.

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

Not applicable.

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

No dividend has been declared or recommended for the third quarter ended 30 September 2017.

13. Summary of Interested Person Transactions for the third quarter ended 30 September 2017.

The aggregate values of interested person transactions for the third quarter ended 30 September 2017 are as follows:

Name of interested person	Aggregate value of all interested person transactions for the financial period ended 30 September 2017 (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
Chaozhou Huafeng (Group) Incorporation Ltd			
◦ Lease of LPG transportation vehicles		1,360	1,360
◦ Marine freight service		-	-
◦ Lease of LPG transportation vessel		-	-
Chaozhou Zhongkai Huafeng Energy Retail Chain Co., Ltd.			
◦ Sale of LPG	49642	-	49,642
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		110
Chaozhou Kaihao Huafeng Gas Station Co., Ltd			
◦ Purchase of petrol for car usage	21	-	21

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 Ouhua Energy Holdings Limited (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 which may render the unaudited financial statements for the third quarter ended 30 September 2017 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
14 November 2017