



## 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 2014

#### 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 2014

(RMB'000)	First quarter ended		% change
	31 March 2014	31 March 2013	
Revenue	623,567	20,055	183.37%
Cost of sales	(638,754)	(225,732)	182.97%
Gross profit/(Loss)	(15,187)	(5,677)	167.52%
Other operating income	1,596	4,095	(61.03)%
Selling and distribution expenses	(11,062)	(6,223)	77.76%
Administrative expenses	(5,061)	(3,552)	42.48%
Other operating expenses	(8,554)	(1,686)	407.35%
Finance costs	(4,021)	(2,592)	55.13%
<b>(Loss)/Profit before income tax</b>	<b>(42,289)</b>	<b>(15,635)</b>	<b>170.48%</b>
Income tax expense	-	-	
<b>(Loss)/Profit for the financial period</b>	<b>(42,289)</b>	<b>(15,635)</b>	<b>170.48%</b>

#### UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS FOR THE THREE MONTHS ENDED 31 MARCH 2014

(RMB'000)	First quarter ended		% change
	31 March 2014	31 March 2013	
<b>Loss for the financial period</b>	<b>(42,289)</b>	<b>(15,635)</b>	<b>(170.48)%</b>
Other comprehensive income			
Foreign currency translation differences	75	13	476.92%
<b>Total comprehensive loss for the period</b>	<b>(42,214)</b>	<b>(15,622)</b>	<b>(170.22)%</b>

**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, ChaozhouOuhua 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 (FY2007) 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 2014	31 March 2013	
	(Unaudited)	(Unaudited)	
Depreciation of property, plant and equipment	(3,403)	(3,612)	(5.79)%
Interest expense	(4,018)	(2,592)	55.02%
Interest income	371	953	(61.07)%
Foreign exchange gain/(Loss)	(2,879)	2,591	(221.12)%
Fair value (loss)/gain on derivative financial instruments	(4,998)	551	(1007.08)%

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

**UNAUDITED STATEMENT OF FINANCIAL POSITION**

(RMB'000)	Group		Company	
	(Unaudited) As at 31 March 2014	(Audited) As at 31 December 2013	(Unaudited) As at 31 March 2014	(Audited) As at 31 December 2013
<b>Non-current assets</b>				
Property, plant and equipment	199,999	203,417	-	-
Investments in subsidiaries	-	-	176,277	176,277
Trade receivables	-	1,739	-	-
	<u>199,999</u>	<u>205,156</u>	<u>176,277</u>	<u>176,277</u>
<b>Current assets</b>				
Inventories	58,360	117,400	-	-
Trade and other receivables	61,059	61,956	92	119
Due from related parties	54,034	41,806	-	-
Available-for-sale investments	1,010	1,010	-	-
Held-to-maturity investment	30,646	80,312	-	-
Pledged fixed deposits	141,433	76,161	-	-
Cash and cash equivalents	256,458	204,628	99	298
Margin deposits	7,997	11,577	7,997	11,577
	<u>610,997</u>	<u>594,850</u>	<u>8,188</u>	<u>11,994</u>
Less:				
<b>Current liabilities</b>				
Trade and other payables	182,749	50,414	1,643	1,734
Notes payable	15,000	15,000	-	-
Due to subsidiaries	-	-	19,123	18,590
Due to a related party	4,034	3,922	4,034	3,922
Short-term borrowings	455,466	535,904	-	-
Derivative financial liability	3,026	1,831	2,456	1,261
Income tax payables	2,317	2,317	-	-
	<u>662,592</u>	<u>609,388</u>	<u>27,256</u>	<u>25,507</u>
<b>Net current liabilities</b>	<u>(51,595)</u>	<u>(14,538)</u>	<u>(19,068)</u>	<u>(13,513)</u>
<b>Net assets</b>	<u>148,404</u>	<u>190,618</u>	<u>157,209</u>	<u>162,764</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	6,202	6,127	7,364	7,652
Accumulated (losses)	(153,246)	(110,957)	(129,941)	(124,674)
<b>Equity attributable to equity holders of the Company</b>	<u>148,404</u>	<u>190,618</u>	<u>157,209</u>	<u>162,764</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)	<u>As at 31 March 2014</u>		<u>As at 31 December 2013</u>	
	Secured	Unsecured	Secured	Unsecured
Bank borrowings				
- short-term loan	62,097	-	113,869	-
- trust receipts	393,369	-	229,207	-
	<u>455,466</u>	<u>-</u>	<u>343,076</u>	<u>-</u>

**Amount repayable after one year**

None.

**Details of any collateral**As at 31 March 2014

The short-term loans amounting to RMB24.97 million are secured by fixed deposits pledged with financial institutions.

The trust receipt facility of RMB258.84 million is secured by a guarantee given by Mr Liang Guo Zhan (Executive Chairman) and corporate guarantees given by several related parties.

The trust receipt facility of RMB134.53 million is secured by fixed deposits pledged with financial institutions.

As at 31 December 2013

The short-term loans amounting to RMB24.08 million are secured by fixed deposits pledged with financial institutions.

The trust receipt facility of RMB268.17 million is secured by a guarantee given by Mr Liang Guo Zhan (Executive Chairman) and corporate guarantees given by several related parties.

The trust receipt facility of RMB140.7 million is secured by fixed deposits pledged with financial institutions.

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 FLOWS STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014**

(RMB'000)	First quarter ended	
	31 March 2014 (Unaudited)	31 March 2013 (Unaudited)
<b>Operating activities</b>		
(Loss)/Profit before income tax	(42,289)	(15,635)
Adjustments for:		
Depreciation of property, plant and equipment	3,462	3,612
Fair value (gain)/loss on derivative financial instruments	1,280	(551)
Interest income	(371)	(953)
Interest expense	4,021	2,592
Operating loss before movements in working capital	(33,897)	(10,935)
Inventories	59,040	142,897
Trade and other receivables	2,141	31,845
Due from related parties	(8,735)	53,077
Notes receivables	-	20,000
Trade and other payables	132,336	(272,701)
Due to related parties	112	(10)
Cash from /(used in) operations	150,997	(35,827)
Interest paid	(4,021)	(3,949)
Interest received	866	1,929
Net cash from/(used in) operating activities	147,842	(37,847)
<b>Investing activities</b>		
Purchase of property, plant and equipment	(44)	(42)
Proceeds of held-to-maturity investments	49,666	-
Net cash from/(used in) investing activities	49,622	(42)
<b>Financing activities</b>		
Withdrawal/(Placement) of pledged fixed deposits	(65,271)	91,574
Proceeds from bank borrowings	271,466	263,157
Repayments of bank borrowings	(351,904)	(243,149)
Net cash (used in)/from financing activities	(145,709)	111,582
Net effect of exchange rate changes on the balance of cash held in foreign currencies	75	13
<b>Net increase in cash and cash equivalents</b>	51,830	73,706
Cash and cash equivalents at beginning of the financial period	204,628	78,331
<b>Cash and cash equivalents at end of the financial period</b>	<b>256,458</b>	<b>152,037</b>

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 2014**

**The Group**

(RMB'000)	Share capital	Share premium	Statutory reserve	Foreign currency translation reserve	Accumulated Losses	Total equity
<b>Balance at 1 January 2013</b>	149,488	130,298	15,662	6,123	(59,617)	241,954
Total comprehensive income for the period	-	-	-	13	(15,634)	(15,621)
<b>Balance at 31 March 2013</b>	149,488	130,298	15,662	6,136	(75,251)	226,333
Total comprehensive expense for the period	-	-	-	(9)	(35,706)	(35,715)
<b>Balance at 31 December 2013</b>	149,488	130,298	15,662	6,127	(110,957)	190,618
Total comprehensive income/s(expenses) for the period	-	-	-	75	(42,289)	(42,214)
<b>Balance at 31 March 2014</b>	149,488	130,298	15,662	6,202	(153,246)	148,404

**The Company**

(RMB'000)	Share capital	Share premium	Foreign currency translation reserve	Accumulated losses	Total equity
<b>Balance at 1 January 2013</b>	149,488	130,298	7,214	(12,868)	274,132
Total comprehensive income/(loss) for the period	-	-	27	(193)	(166)
<b>Balance at 31 March 2013</b>	149,488	130,298	7,201	(13,061)	273,966
Total comprehensive income/(loss) for the period	-	-	411	(111,613)	(111,202)
<b>Balance at 31 December 2013</b>	149,488	130,298	7652	(12,674)	162,764
Total comprehensive loss for the period	-	-	(288)	(5,267)	(5,555)
<b>Balance at 31 March 2014</b>	149,488	130,298	7364	(129,941)	157,209

**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 2014 and no outstanding convertibles or treasury shares held as at 31 March 2014 and 31 March 2013.

**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 2014 and 31 December 2013, 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 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 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 2013.

**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 2014 (Unaudited)	31 March 2013 (Unaudited)
(Loss)/Earnings per share – basic (RMB cents)	(11.01)	(4.08)

The basic (loss)/earnings per ordinary share for the first quarter ended 31 March 2014 and 31 March 2013 have been calculated based on the weighted average share capital of 383,288,000 shares.

The diluted (loss)/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 March 2014	As at 31 December 2013	As at 31 March 2014	As at 31 December 2013
NAV per share (RMB cents)	38.72	49.73	41.02	42.47

The net asset value per ordinary share as at 31 March 2014 and 31 December 2013 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 2014 ("1Q2014") as compared to that of the first quarter ended 31 March 2013 ("1Q2013")**

**Revenue**

Revenue increased by approximately 183.87% or RMB403.5 million mainly due to an increase of sales volume from 37,103 tons in 1Q2013 to 106,073 tons in 1Q2014. There has been an increase of local demand caused by short supply of LPG from other areas of China. Secondly the Group had successfully developed the new sale segment in western China and Southeast Asia, which also contributed to the increase of sales volume in Q1 2014.



**Gross Loss**

Gross loss increased by RMB9.51 million as compared to 1Q2013. Correspondingly, gross loss margin slightly improved from negative 2.58% in Q12013 to negative 2.44% in Q12014.

**Other operating income**

Other operating income decreased by RMB2.5 million or 61.03% as compared to 1Q 2013. This is mainly due to the decrease in foreign exchange gain of RMB2.88 million and decrease in the fair value gain of RMB1.28 million, partially offset by the decrease in the investment income of RMB1.1 million and increase in the tugboat income of RMB0.07 million.

**Operating expenses**

Operating expenses increased by RMB5.34 million or 46.58% mainly due to the following:

- (i) Selling and distribution expenses increased by approximately RMB4.84 million or 77.76%. There has been an increase in marine freight of RMB4.64 million caused by the additional rent of LPG transportation vessels of 'yutian7', increase in the tugboat charges of RMB0.69 million, partially offset by decrease in the storage rental of RMB0.24 million and decrease in the vehicle charges of RMB0.1 million.
- (ii) Administrative expenses increased by RMB1.51 million or 42.48%. There has been an increase in letter of credit application fee of RMB1.1 million, increase in the maintenance fee of RMB0.29 million, increase in the stamp duty of RMB0.21 million, increase in port construction expenses of RMB0.19 million and increase in the miscellaneous expenses of RMB0.12 million.
- (iii) Other operating expenses increased by RMB6.87 million or 59.89%. There has been an increase in the foreign exchange losses of RMB2.88 million and increase in the fair value losses of RMB4.99 million, partially offset by a decrease in the traffic compensation of RMB0.39 million in 1Q2013 and decrease in the other expenses of RMB0.84 million.

**Finance cost**

Finance costs increased by approximately RMB1.43 million or 55.13% mainly due to a significant increase in interest expenses and the increase 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 2014 and the Group's Financial Position as at 31 December 2013**

Current assets slightly increased by approximately RMB13.7 million or 2.3% from RMB594.9 million as at 31 December 2013 to RMB608.5 million as at 31 March 2014. This is mainly due to an increase in pledged fixed deposits of RMB65.3 million and increase in cash and cash equivalents of RMB51.8 million, partially offset by the decrease in inventories of RMB59 million and decrease in held-to-maturity investments of RMB49.7 million.

Current liabilities increased by approximately RMB50.7 million or 8.33% from RMB609.4 million as at 31 December 2013 to RMB660.1 million as at 31 March 2014. This is mainly due to an increase in the trade and other payables of RMB132.3 million, partially offset by decrease in short term borrowings of RMB80.4 million.

### **Review of the Group's Cash Flow Statements for 1Q2014**

In spite of loss before income tax of RMB42.3 million, thenet cash generatedfrom operating activities amounted to approximately RMB147.8 million. This is mainly due to the net cash inflows of working capital of RMB184.9 million, after adding non-cash items of RMB8.4 million and net interest payment of RMB4.0 million. Net cash inflows from working capital arose from anincrease intrade and other payables (excluding interest payable) of RMB132.3 million, decreasein the inventories of RMB59.0 million and decrease in the trade and other receivables (excluding interest receivable) of RMB2.1 million, offset by the increase in the amounts due from related parties of RMB8.7 million.

Net cash from investing activities amounted to RMB49.6 million due to proceedsfrom withdrawalof held-to-maturity investments of RMB49.7 million.

Net cash used in financing activities amounted to RMB145.7 million mainly due to a decreaseof 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.**

In the latest release published by Financial Times on 14<sup>th</sup> April 2014 entitled 'WTO raises global trade forecasts', WTO opined that "the global recovery and upturn in the US and especially Europe were likely to lead to stronger-than-expected trade growth". Nevertheless 2014 will be a year full of challenges and uncertainties for the Group, due to the pressure of domestic economic restructuring as well as the continuing volatility of LPG prices. Meanwhile, there may be a decrease in demand for LPG for industrial use due to the competition from alternative energy and decrease in demand from ceramics manufacturers with a possibility of hindering the operations of certain small-sized and micro enterprises in China.

In view of the foregoing, the Group expects that the next 12 months will bring challenges to the profitability and performance of the Group. The Group will continue to be prudent in managing business risks and controlling operating costs, and endeavor to explore more business opportunities.

**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 2014.

**13. Summary of Interested Person Transactions for the financial period ended 31 March 2014**

The aggregate values of interested person transactions for the financial period ended 31 March 2014 are as follows:

Name of interested person	Aggregate value of all interested person transactions for the financial period ended 31 March 2014 (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>ChaozhouHuafeng (Group) Incorporation Ltd</b>			
° Lease of LPG transportation vehicles	-	2,452	2,452
<b>ChaozhouZhongkaiHuafeng Energy Retail Chain Co., Ltd.</b>			
° Sale of LPG	-	72,559	72,559
<b>ChaozhouHuafeng Petroleum and Warehouse Co., Ltd.</b>			
° Lease of storage tankers	-	-	303
° Purchase of petrol for car usage	-	-	-
<b>ChaozhouHuafeng Refining Co., Ltd</b>			
° Lease of port terminals, land use rights, office premises and staff dormitory	-	1,341	1,341
<b>ChaozhouKaihaoHuafeng Gas Station Co., Ltd</b>			
° Purchase of petrol for car usage	60	-	-

**14. Confirmation pursuant to Rule 705(5) of the Listing Manual of the 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 of Directors which may render the unaudited financial statements for the first quarter ended 31 March 2014 to be false or misleading in any material aspect.

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  
15 May 2014