



OUHUA ENERGY HOLDINGS LIMITED

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

Unaudited Financial Statements For The Second Quarter Ended 30 June 2016

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 SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2016

(RMB'000)	Second quarter ended			Six months ended		
	30 June 2016	30 June 2015	% change	30 June 2016	30 June 2015	% change
Revenue	502,417	447,253	12.33%	1,055,720	792,303	33.25%
Cost of sales	(465,640)	(427,053)	9.04%	(988,205)	(732,933)	34.83%
Gross profit	36,777	20,200	82.06%	67,515	59,370	13.72%
Other operating income	2,208	3,302	(33.13)%	4,001	3,496	14.45%
Selling and distribution expenses	(13,833)	(5,366)	157.79%	(25,995)	(12,073)	115.32%
Administrative expenses	(4,838)	(5,629)	(14.05)%	(10,152)	(10,751)	(5.57)%
Other operating expenses	(9,174)	(4,888)	87.68%	(11,395)	(8,859)	28.63%
Finance costs	(4,719)	(5,759)	(18.06)%	(10,775)	(11,217)	(3.94)%
Profit before income tax	6,421	1,860	245.22%	13,199	19,966	(33.89)%
Income tax	-	-		-	-	
Profit/(Loss) for the financial period	6,421	1,860	245.22%	13,199	19,966	(33.89)%

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(LOSS) FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2016

(RMB'000)	Second quarter ended			Six months ended		
	30 June 2016 (Unaudited)	30 June 2015 (Unaudited)	% change	30 June 2016 (Unaudited)	30 June 2015 (Unaudited)	% change
Profit/(Loss) for the financial period	6,421	1,860	245.22%	13,199	19,966	(33.89)%
Other comprehensive income/(expenses)						
Foreign currency translation differences	(163)	19	(957.89)%	(133)	71	(287.32)%
Total comprehensive income/(loss) for the period	6,258	1,879	233.05%	13,066	20,037	(34.79)%

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)	Second quarter ended			Six months ended		
	<u>30 June 2016</u> (Unaudited)	<u>30 June 2015</u> (Unaudited)	% change	<u>30 June 2016</u> (Unaudited)	<u>30 June 2015</u> (Unaudited)	% change
Depreciation of property, plant and equipment	(3,728)	(3,536)	5.43%	(7,447)	(6,948)	7.18%
Interest expense	(4,719)	(5,759)	(18.06)%	(10,775)	(11,217)	(3.94)%
Interest income	27	41	(34.15)%	63	91	(30.77)%
Foreign exchange (loss) /gain	(8,377)	(4,097)	104.47%	(9,610)	(7,955)	20.80%

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 June 2016	As at 31 December 2015	As at 30 June 2016	As at 31 December 2015
Non-current assets				
Property, plant and equipment	169,830	176,358	-	-
Investments in subsidiaries	-	-	156,277	156,277
	<u>169,830</u>	<u>176,358</u>	<u>156,277</u>	<u>156,277</u>
Current assets				
Inventories	100,078	53,560	-	-
Trade and other receivables	120,792	96,053	57	127
Due from related parties	86,029	104,514	-	-
Margin deposit with broker	1,517	1,485	1,517	1,485
Available for sales investment	100	75,500	-	-
Pledged fixed deposits	13,080	3,874	-	-
Cash and cash equivalents	98,751	36,322	27	143
	<u>420,347</u>	<u>371,308</u>	<u>1,601</u>	<u>1,755</u>
Less:				
Current liabilities				
Trade and other payables	171,521	69,121	4,209	3,634
Due to subsidiaries	-	-	25,093	24,572
Due to a related party	5,371	4,208	3,583	4,208
Short-term borrowings	312,105	386,223	-	-
Income tax payables	2,317	2,317	-	-
	<u>491,314</u>	<u>461,869</u>	<u>32,885</u>	<u>32,414</u>
Net current (liabilities)/ assets	<u>(70,967)</u>	<u>(90,561)</u>	<u>(31,284)</u>	<u>(30,659)</u>
Net assets	<u>98,863</u>	<u>85,797</u>	<u>124,993</u>	<u>125,618</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	5,721	5,854	5,511	5,813
Accumulated losses	(202,306)	(215,505)	(160,304)	(159,981)
Equity attributable to equity holders of the Company	<u>98,863</u>	<u>85,797</u>	<u>124,993</u>	<u>125,618</u>

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

(RMB'000)	As at 30 June 2016		As at 31 December 2015	
	Secured	Unsecured	Secured	Unsecured
Bank borrowings				
- short-term loan	123,905	-	207,000	-
- trust receipts	188,200	-	179,233	-
	<u>312,105</u>	<u>-</u>	<u>386,233</u>	<u>-</u>

Amount repayable after one year

None.

Details of any collateralAs at 30 June 2016

The short-term loan of RMB 123.91 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 188.2 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 2015

The short-term loan of RMB 207 million is secured by a mortgage over six of the Group's refrigerated storage tanks, a vessel named 'Ouhua XI' , a personal guarantee given by Mr Liang Guo Zhan (Executive Chairman) and a corporate guarantee given by several related parties.

The trust receipt facility of RMB 179.23 million is secured by fixed deposits and guarantee given by Mr Liang Guo Zhan (Executive Chairman) and corporate guarantees given by several related parties.

1(c) A 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 SECOND QUARTER ENDED 30 JUNE 2016

(RMB'000)	First quarter ended	
	30-Jun-16 (Unaudited)	30-Jun-15 (Unaudited)
Cash flows from operating activities		
Profit before income tax	6,421	1,860
Adjustments for:		
Depreciation of property, plant and equipment	3,728	3,536
Interest income	(27)	(41)
Interest expense	4,719	5,759
Operating profit before working capital changes	14,841	11,114
Working capital changes:		
Inventories	(15,609)	17,330
Trade and other receivables	(16,368)	(26,001)
Due from related parties	12,282	4,235
Trade and other payables	106,482	38,735
Margin deposit	(39)	6
Due to a related party	-	2,667
Cash generated from operations	101,589	48,086
Interest paid	(4,864)	(5,759)
Interest received	27	41
Net cash generated from operating activities	96,752	42,368
Cash flows from investing activities		
Purchase of property, plant and equipment	(86)	(13)
Net cash flows used in investing activities	(86)	(13)
Cash flows from financing activities		
Increase in pledged fixed deposits	(7,066)	(3,885)
Proceeds from bank borrowings	162,256	165,071
Repayment of bank borrowings	(253,194)	(251,994)
Net cash used in financing activities	(98,004)	(90,808)
Exchange differences arising from translation of foreign entities	(163)	19
Net decrease in cash and cash equivalents	(1,501)	(48,434)
Cash and cash equivalents at beginning of the financial period	100,252	205,683
Cash and cash equivalents at end of the financial year	98,751	157,249

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 six months ended 30 June 2016

The Group

(RMB'000)	Share capital	Share premium	Statutory reserve	Foreign currency translation reserve	Accumulated losses	Total equity
Balance at 1 January 2015	149,488	130,298	15,662	6,105	(267,426)	34,127
Total comprehensive income for the period				71	19,966	20,037
Balance at 30 June 2015	149,488	130,298	15,662	6,176	(247,460)	54,164
Total comprehensive income/(loss) for the period	-	-	-	(322)	31,955	31,633
Balance at 1 January 2016	149,488	130,298	15,662	5,854	(215,505)	85,797
Total comprehensive income/(loss) for the period	-	-	-	(133)	13,199	13,066
Balance at 30 June 2016	149,488	130,298	15,662	5,721	(202,306)	98,863

The Company

(RMB'000)	Share capital	Share premium	Statutory reserve	Foreign currency translation reserve	Accumulated losses	Total equity
Balance at 1 January 2015	149,488	130,298	-	7,154	(158,132)	128,808
Total comprehensive income/(loss) for the period	-	-	-	4,029	(394)	3,635
Balance at 30 June 2015	149,488	130,298	-	11,183	(158,526)	132,443
Total comprehensive loss for the period	-	-	-	(5,370)	(1,455)	(6,825)
Balance at 1 January 2016	149,488	130,298	-	5,813	(159,981)	125,618
Total comprehensive loss for the period	-	-	-	(302)	(323)	(625)
Balance at 30 June 2016	149,488	130,298	-	5,511	(160,304)	124,993

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 second quarter ended 30 June 2016 and no outstanding convertibles or treasury shares held as at 30 June 2016 and 30 June 2015.

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

The number of the Company's total issued shares as at 30 June 2016 and 31 December 2015 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.

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

These figures have neither been audited nor reviewed.

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

Not applicable.

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

The Group has adopted the same accounting policies and methods of computation as stated in the audited financial statements for the year ended 31 December 2015.

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).**

	Second quarter ended		Six months ended	
	30 June 2016 (Unaudited)	30 June 2015 (Unaudited)	30 June 2016 (Unaudited)	30 June 2015 (Unaudited)
EPS – basic (RMB cents)	(1.68)	(0.49)	(3.44)	(5.21)

Basic loss per ordinary share for the second quarter and six months ended 30 June 2016 and 30 June 2015 have been calculated based on the weighted average share capital of 383,288,000 shares.

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

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

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

	Group		Company	
	As at 30 June 2016 (Unaudited)	As at 31 December 2015 (Audited)	As at 30 June 2016 (Unaudited)	As at 31 December 2015 (Audited)
NAV per share (RMB cents)	25.79	22.38	32.61	32.77

The net asset values per ordinary share as at 30 June 2016 and 31 December 2015 are calculated using the Company's and Group's net asset values as at the end of each period divided by the outstanding share capital of 383,288,000 ordinary shares.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) Any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

Review of the Group's Performance for the second quarter ended 30 June 2016 ("2Q2016") as compared to that of the second quarter ended 30 June 2015 ("2Q2015")

Revenue

Revenue recorded a increase of approximately 12.33% or RMB55.16 million in 2Q2016, mainly due to an increase of sales volume of LPG from 132,853 tones 2Q2015 to 196,165 tones 2Q2016. This is partially offset by the drop of average sale price of LPG from RMB3,367 per ton in 2Q2015 to RMB2,561 per ton in 2Q2016. Price competitiveness of LPG as compared to substitute products contributed to the increase of local demand during the period.

Gross Profit

Gross profit increased by RMB16.58 million or 82.06% in 2Q2016 as compared to 2Q2015. Correspondingly, gross profit margin increased from 4.52% to 7.82% mainly due to the fluctuation of LPG purchase price was more stable in 2Q2016 as compared to 2Q2015. On top of that management made the successful arrangement of sales and purchase in terms of timing and quantity.

Other operating income

Other operating income decreased by RMB1.09 million or 33.13%, mainly due to the decrease in shipping income, by RMB1.35 million, partially offset by the increase in the increase in the tugboat income of RMB0.27 million.

Operating expenses

Operating expenses increased by RMB11.96 million or 75.31% due mainly to:

- (i) Selling and distribution expenses increased by approximately RMB8.46 million or 157.79% mainly due to a increase in marine freight of RMB5.40 million, a decrease in the tugboat charges of RMB1.08 million and a decrease in the land freight of RMB2.41 million.
- (ii) Administrative expenses decreased by RMB0.79 million or 14.05% mainly due to a decrease in the Letter of credit application and certificate fee of RMB0.76 million and a decrease in the consulting fees of RMB 0.71 million, partially offset by an increase in port maintenance fee of RMB0.3 million and an increase in port construction fee of RMB0.29 million.
- (iii) Other operating expenses increased by RMB4.28 million or 87.68% mainly due to the increase in the foreign exchange loss of RMB4.27 million, resulted from the depreciation of the RMB against the US dollars in 2Q2016,

Finance cost

Finance costs decreased by approximately RMB1.04 million or 18.06% 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 RMB6.42 million in 2Q2016.

- (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 June 2016 and the Group's Financial Position as at 31 December 2015

Current assets increased by approximately RMB49.04 million or 13.21% from RMB371.31 million as at 31 December 2015 to RMB420.34 million as at 30 June 2016. This is mainly due to an increase in cash and cash equivalents of RMB62.43 million, an increase in inventories of RMB46.52 million and increase in trade and other receivables of RMB24.74 million, partially offset by the decrease in available-for-sale investments of RMB75.4 million and a decrease in due from related parties of RMB18.49 million.

Current liabilities increased by approximately RMB29.45 million or 6.38% from RMB461.87 million as at 31 December 2015 to RMB491.31 million as at 30 June 2016. This is mainly due to an increase in the trade and other payables of RMB102.4 million, partially offset by a decrease in short term borrowings of RMB74.12 million.

Review of the Group's Cash Flow Statements for 2Q2016

Net cash generated from operating activities amounted to approximately RMB96.75 million. This is mainly due to the profit before income tax of RMB6.42 million, after adding non-cash items of RMB8.42 million and net cash inflows of working capital of RMB86.75 million and net interest payment of RMB4.84 million. Net cash inflows from working capital arose from an

increase in trade and other payables (excluding interest payables) of RMB106.48 million, a decrease in the amounts due from related parties of RMB12.28 million, partially offset by a decrease in the inventories of RMB15.61 million and a decrease in the trade and other receivables (exclude interest receivables) of RMB16.37 million.

Net cash used in investing activities amounted to RMB0.09 million due to the purchase of property, plant and equipment of RMB0.09 million.

Net cash used in financing activities amounted to RMB98 million mainly due to the repayment of bank borrowings.

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 2016 will be full of uncertainties and challenges. Going forward, over the next 12 months, the international oil prices are likely to remain volatile and the lower economic growth rate for China and weaker RMB are likely to continue. These adverse external factors will continue to pose big challenges for our LPG business and our Group.

However, international oil prices having declined very substantially recently may also provide some opportunities for better economic and business conditions for China and our Group, this was evidenced by our favorable performance in first half of 2016. Our Group will continue to be prudent in managing our business risks, controlling our operating costs and will take advantage of all opportunities going forward to cope with all our challenges and strive to enhance 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 second quarter ended 30 June 2016.

13. Summary of Interested Person Transactions for the second quarter ended 30 June 2016.

The aggregate values of interested person transactions for the second quarter ended 30 June 2016 are as follows:

Name of interested person	Aggregate value of all interested person transactions for the financial period ended 30 June 2016 (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) RMB'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) RMB'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (including transactions less than \$100,000) RMB'000
Chaozhou Huafeng (Group) Incorporation Ltd			
◦ Lease of LPG transportation vehicles		1877	-
◦ Marine freight service	1,605	-	-
◦ Lease of LPG transportation vessel	1,231	-	-
Chaozhou Zhongkai Huafeng Energy Retail Chain Co., Ltd.			
◦ Sale of LPG	-	73,813	-
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	-	1,341	1,341
Chaozhou Kaihao Huafeng Gas Station Co., Ltd			
◦ Purchase of petrol for car usage	9	-	-

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 which may render the unaudited financial statements for the second quarter ended 30 June 2016 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
5 August 2016