



## OUHUA ENERGY HOLDINGS LIMITED

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

### FULL YEAR UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

#### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR 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 period.

#### UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(RMB'000)	31 December 2014	31 December 2013	% change
<b>Revenue</b>	1,988,409	1,375,243	44.6%
Cost of sales	<u>(2,024,495)</u>	<u>(1,370,804)</u>	47.7%
<b>Gross (loss)/profit</b>	(36,086)	4,439	- 912.9%
Other operating income	7,916	18,320	-56.8%
Selling and distribution expenses	(46,479)	(34,449)	34.9%
Administrative expenses	(22,813)	(19,799)	15.2%
Other operating expenses	<u>(28,295)</u>	<u>(5,628)</u>	402.8%
<b>Loss from operations</b>	(125,757)	(37,117)	238.8%
Finance costs	<u>(30,712)</u>	<u>(14,223)</u>	115.9%
<b>Loss before income tax</b>	(156,469)	(51,340)	-204.77%
Income tax	<u>-</u>	<u>-</u>	
<b>Loss for the financial year</b>	<u>(156,469)</u>	<u>(51,340)</u>	-204.77%
<b>Other comprehensive income</b>			
Foreign currency translation differences	<u>(22)</u>	<u>4</u>	-650%
<b>Total comprehensive Loss for the year</b>	<u>(156,491)</u>	<u>(51,336)</u>	-204.84%

**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, Chaozhou Ouhua Energy Co., Ltd. was incorporated as a wholly foreign owned 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. And from FY2012, the applicable income tax is 25%.

**1(a)(ii) Other information:**

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

(RMB'000)	Full Year ended		% change
	31 December 2014	31 December 2013	
Depreciation of property, plant and equipment	13,901	13,998	-0.7%
Interest expense	19,315	11,837	63.2%
Interest income	(809)	(3,078)	-73.7%
Foreign exchange loss /(gain)	10,297	(14,243)	-172.3%
Fair value loss from financial instruments	11,397	2,386	377.7%
Reversal of provision of doubtful debts	(188)	-	100%
Impairment loss on property, plant and equipment	4,976	-	100%
Inventory value written-down	10,277	-	100%
Loss on disposal of property, plant and equipment	21	-	100%

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

**UNAUDITED STATEMENT OF FINANCIAL POSITION**

(RMB'000)	Group		Company	
	As at 31 December 2014	As at 31 December 2013	As at 31 December 2014	As at 31 December 2013
<b>Non-current assets</b>				
Property, plant and equipment	187,383	203,417	-	-
Investments in subsidiaries	-	-	156,277	176,277
Trade receivables	-	1,739	-	-
	<u>187,383</u>	<u>205,156</u>	<u>156,277</u>	<u>176,277</u>
<b>Current assets</b>				
Inventories	63,029	117,400	-	-
Trade and other receivables	73,258	61,956	121	119
Due from related parties	56,727	41,806	-	-
Margin deposit with broker	1,389	11,577	1,389	11,577
Held to maturity investment	64,000	80,312	-	-
Available for sales	1,010	1,010	-	-
Pledged fixed deposits	42,084	76,161	-	-
Cash and cash equivalents	21,500	204,628	643	298
	<u>322,997</u>	<u>594,850</u>	<u>2,153</u>	<u>11,994</u>
Less:				
<b>Current liabilities</b>				
Trade and other payables	162,207	65,414	4,018	1,734
Due to subsidiaries	-	-	22,053	18,590
Due to a related party	4,018	3,922	3,551	3,922
Short-term borrowings	307,711	535,904	-	-
Derivative financial liability	-	1,831	-	1,261
Income tax payables	2,317	2,317	-	-
	<u>476,253</u>	<u>609,388</u>	<u>29,622</u>	<u>25,507</u>
<b>Net current (liabilities)/ assets</b>	<u>(153,256)</u>	<u>(14,538)</u>	<u>(27,469)</u>	<u>(13,513)</u>
<b>Net assets</b>	<u>34,127</u>	<u>190,618</u>	<u>128,808</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	6,105	6,127	7,154	7,652
Accumulated losses	(267,426)	(110,957)	(158,132)	(124,674)
<b>Equity attributable to equity holders of the Company</b>	<u>34,127</u>	<u>190,618</u>	<u>128,808</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)	As at 31 December 2014		As at 31 December 2013	
	Secured	Unsecured	Secured	Unsecured
Bank borrowings				
- short-term loan	230,000	-	102,953	-
- trust receipts	77,711	-	432,951	-
	<u>307,711</u>	<u>-</u>	<u>535,904</u>	<u>-</u>

**Amount repayable after one year**

None.

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

The short-term loan of RMB 230 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 77.71 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 2013

The short-term loan of RMB 103 million is secured by a mortgage over six of the Group's refrigerated storage tanks, 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 433 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 cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**THE FINANCIAL YEAR ENDED 31 December 2014**

**UNAUDITED CONSOLIDATED CASH FLOW STATEMENTS**

<b>(RMB'000)</b>	<b>31 December 2014</b>	<b>31 December 2013</b>
<b>Cash flows from operating activities</b>		
Loss before income tax	(156,469)	(51,340)
Adjustments for:		
Depreciation of property, plant and equipment	13,901	13,998
Loss on disposal of property, plant and equipment	21	-
Unrealised fair value loss from derivative financial instruments	-	1,831
Interest income	(809)	(3,078)
Interest expense	19,315	11,837
Impairment loss on property, plant and equipment	4,976	-
Inventory value written down	10,277	-
Reversal of provision of doubtful debts	(188)	-
Operating loss before working capital changes	<u>(108,976)</u>	<u>(26,752)</u>
Working capital changes:		
Inventories	44,094	107,661
Trade and other receivables	(9,869)	9,007
Due from related parties	(14,921)	24,936
Trade and other payables	94,962	(245,443)
Margin deposit	10,188	(11,577)
Due to a related party	96	(151)
Notes receivables	-	20,000
Cash generated from/ (used in) operations	15,574	(122,319)
Interest paid	(19,315)	(11,837)
Interest received	1,304	4,704
Net cash used in operating activities	<u>(2,437)</u>	<u>(129,452)</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(2,866)	(330)
Sale/ (Purchase) of Held to maturity investments	16,312	(80,312)
Net cash flows from/ (used in) investing activities	<u>13,446</u>	<u>(80,642)</u>
<b>Cash flows from financing activities</b>		
Decrease in pledged fixed deposits	34,078	123,552
Proceeds from bank borrowings	230,000	1,221,483
Repayment of bank borrowings	(458,193)	(1,008,648)
Net cash (used in)/ from financing activities	<u>(194,115)</u>	<u>336,387</u>
Exchange differences arising from translation of foreign entities	(22)	4
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(183,128)</b>	<b>126,297</b>
<b>Cash and cash equivalents at beginning of the financial year</b>	<b>204,628</b>	<b>78,331</b>
<b>Cash and cash equivalents at end of the financial year</b>	<b>21,500</b>	<b>204,628</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 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 financial year ended 31 December 2014 and 2013**

<u>The Group</u>						
(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/(loss) for the financial year	-	-	-	4	(51,340)	(51,336)
<b>Balance at 31 December 2013</b>	149,488	130,298	15,662	6,127	(110,957)	190,618
Total comprehensive loss for the financial year	-	-	-	(22)	(156,469)	(156,491)
<b>Balance at 31 December 2014</b>	149,488	130,298	15,662	6,105	(267,426)	34,127

<u>The Company</u>						
(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	-	7,214	(12,868)	274,132
Total comprehensive income/(loss) for the financial year	-	-	-	438	(111,806)	(111,368)
<b>Balance at 31 December 2013</b>	149,488	130,298	-	7,652	(124,674)	162,764
Total comprehensive income/(loss) for the financial year	-	-	-	(498)	(33,458)	(33,956)
<b>Balance at 31 December 2014</b>	149,488	130,298	-	7,154	(158,132)	128,808

**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 financial year ended 31 December 2014 and no outstanding convertibles or treasury shares held as at 31 December 2014 and 31 December 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.**

The Company's total issued shares as at 31 December 2014 and 31 December 2013 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 2013.

The new and revised International Financial Reporting Standards ("IFRSs") which took effect from the current financial year are now assessed to have no material effect to the results on the opening balances to the accumulated profit of the Group and accumulated loss of the Company for the financial year ended 31 December 2014.

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.**

The adoption of the new/revised IFRS and IFRIC did not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

6. **(Loss)/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).**

	31 December 2014	31 December 2013
Loss Per Share – basic (RMB cents)	(40.82)	(13.39)

Basic Loss per ordinary share for the full year ended 31 December 2014 and 31 December 2013 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 31 December 2014	As at 31 December 2013	As at 31 December 2014	As at 31 December 2013
NAV per share (RMB cents)	8.90	49.73	33.61	42.74

The net asset values per ordinary share as at 31 December 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 full year ended 31 December 2014 ("FY2014") as compared to that for the full year ended 31 December 2013 ("FY2013")**



**Revenue**

Revenue recorded an increase of approximately 44.6% or RMB613.17 million in 2014 mainly due to the rise in sales from 260,200 tonnes in 2013 to 398,600 tonnes in 2014. 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 2014.

**Gross profit/(loss)**

Gross profit decreased by RMB 40.53 million and became gross loss of RMB 36.08 million in FY2014 as compared to FY2013. Correspondingly, gross profit margin decreased from positive 0.32% to negative 1.81% due to the fluctuation of LPG purchase price was more unstable in 2014 as compared to prior year.

**Other operating income**

Other operating income decreased by RMB 10.4 million or 56.8% mainly due to the decrease of exchange gain of RMB 14.2 million in 2014 as compared to the previous year as a result of weakness of RMB to USD during the year (from 6.0503 at beginning of the year to 6.2004 at end of year) and the decrease in interest income of RMB 2.27 million.

This is partly offset by the government subsidy income of RMB 4.80 million, the increase of investment income of RMB 0.90 million.

**Operating expenses**

Operating expenses decreased due mainly to:

- (i) Selling and distribution expenses increased by approximately RMB 12.03 million or 34.9% mainly due to increase in tugboat charges of RMB 1.4 million and the increase in vessel rental of RMB 8.75 million. This is partially offset by the decrease in marine freight of RMB 5.81 million, the decrease in vehicle charge of RMB 1.63 million and the decrease in storage rental of RMB 0.90 million.
- (ii) Administrative expenses increased by RMB 3.01 million or 15.2% mainly due to the increase in port construction and maintenance of RMB 0.79 million, increase in letter of credit application and certificate fee of RMB 0.81 million due to more transactions, the increase in maintenance fee of RMB 0.46 million and increase in other expenses of RMB 1.25 million such as travelling, utilities and telephones. This is partially offset by the decrease in salary of RMB 0.68 million and decrease in electrical charge of RMB 0.18 million.
- (iii) Other operating expenses increased by RMB 22.67 million or 402.8% due mainly to the inventory value written-down of RMB 10.28 million, impairment loss of RMB 4.98 million fixed assets, increase in the exchange loss of RMB 10.30 million. This is partially offset by the decrease in other expenses of RMB 3.72 such as bank service fees etc.

**Finance cost**

Finance costs increased by approximately RMB16.49 million or 115.9% mainly due to the increase in the fair value loss from financial instruments of RMB9.01 million and an increase in interest expense of RMB7.48 million for bank loans.

**Loss attributable to equity holders**

As a result of the above, the Group recorded a net loss attributable to equity holders of RMB156.5 million in FY2014 compare to a net loss of RMB 51.3 million in FY2013.

- (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 December 2014**

Non-current assets decreased by approximately RMB 17.77 million or 8.66% mainly due to the fixed assets depreciation and disposal.

Current assets decreased by approximately RMB 271.85 million or 45.70% in FY 2014 from RMB 594.85 million to RMB 323.00 million mainly due to decrease of cash and cash equivalents of RMB 183.13 million, decrease in inventories of RMB 54.37 million, decrease in pledged fixed deposits of RMB 34.08 million and decrease in margin deposit with broker of RMB 10.19 million, partially offset by the increase in trade and other receivables and due from related parties of RMB 26.22 million.

Current liabilities decreased by approximately RMB 133.16 million or 21.85% in FY 2014 from RMB 609.3 million to RMB 476.3 million mainly due to the decrease in the short-term borrowing of RMB 228.19 million, partially offset by the increase in trade and other payables of RMB 99.11 million.

**Review of the Group's Cash Flow Statements for the financial year ended 31 December 2014**

Net cash used in operating activities amounted to approximately RMB 2.44 million due mainly to loss before income tax of RMB156.47 million, after adding back non-cash items of RMB47.68 million, and added back the net cash inflow of working capital RMB124.55 million and interest paid of RMB19.32million.

Net cash inflows from working capital arose from a decrease in inventories of RMB 44.09 million and margin deposits of RMB10.19 million, an increase in trade and other payable of RMB 94.96 million and amounts due to related parties of RMB 0.1 million, partially offset by the increase in trade and other receivable of RMB 9.87 million and due from related parties of RMB14.92 million.

Net cash flows from investing activities amounted to RMB13.45 million mainly due to proceeds from sale of Held to maturity investments of RMB16.31 million, partially offset by purchase of property, plant and equipment of RMB2.87 million.

Net cash used in financing activities amounted to RMB 194.12 million mainly due to net repayment of bank borrowing of RMB 228.19 million and offset by decrease in pledged fixed deposits of RMB 34.08 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 sharp decline in oil prices, the lower economic growth rate for China and weaker RMB in 2014 have very significant impact on our LPG business causing substantial losses for our Group. Going forward, over the next 12 months, international oil price is 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 in 2015.

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, especially in the second half of 2015. 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 return to 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 financial year ended 31 December 2014.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT  
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

**13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

The Group's revenue is not segmented by activities, products or industries.

**Breakdown of Total Sales by Geographical Regions**

The Group's revenue is primarily generated from PRC. Accordingly, no geographical segment is applicable.

**14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

Please refer to Paragraph 8.

**15. A breakdown of sales**

	Group		% change
	2014	2013	Total
	RMB'000	RMB'000	
15(a) Sales reported for the first half year	1,257,338	531,698	136.48%
15(b) Loss after income tax for the first half year	(65,198)	(35,302)	84.69%
15(c) Sales reported for second half year	731,071	843,545	-13.33%
15(b) Loss after income tax for the second half year	(91,271)	(16,038)	469.09%

**16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

	2014	2013
Proposed dividend:	US\$	US\$
Ordinary	-	-

**17. Summary of Interested Person Transactions for the financial year ended 31 December 2014.**

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

Name of interested person	Aggregate value of all interested person transactions for the financial period ended 31 December 2014 (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	-	-	301
◦ Lease of LPG transportation vessel	-	8,821	8,821
Chaozhou Zhongkai Huafeng Energy Retail Chain Co., Ltd.			
◦ Sale of LPG	-	259,470	259,470
Chaozhou Huafeng Petroleum and Warehouse Co., Ltd.			
◦ Lease of storage tankers	-	733	733
Chaozhou Huafeng Refining Co., Ltd			
◦ Lease of port terminals, land use rights, office premises and staff dormitory	-	5,364	5,364
Chaozhou Kaihao Huafeng Gas Station Co., Ltd			
◦ <input type="checkbox"/> Purchase of petrol for car usage	194	-	-

**18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer**

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Company confirms that there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a Director, Chief Executive Officer or substantial shareholder of the Company.

**BY ORDER OF THE BOARD**

**Liang Guo Zhan**  
Executive Chairman  
27 February 2015