



## OUHUA ENERGY HOLDINGS LIMITED

(Incorporated in Bermuda on 3 January 2006)

(Company Registration Number 37791)

### Unaudited Financial Statements For The Financial Period Ended 31 March 2019

For the purpose of this announcement, **1Q2019** refers to the three months financial period ended 31 March 2019 whereas **1Q2018** refers to the corresponding three months financial period ended 31 March 2018 and **FY2018** refers to the full financial year ended 31 December 2018.

#### PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2, Q3) AND FULL YEAR ANNOUNCEMENTS

**1(a)(i) 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 STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

	Group		Increase/ (Decrease) %
	<u>1Q2019</u> RMB'000	<u>1Q2018</u> RMB'000	
<b>Revenue</b>	832,996	626,547	33.0
Cost of sales	(810,300)	(617,561)	31.2
<b>Gross profit</b>	<u>22,696</u>	<u>8,986</u>	N.M.
Other operating income	3,906	9,254	(57.8)
Selling and distribution expenses	(8,217)	(6,700)	22.6
Administrative expenses	(3,733)	(5,015)	(25.6)
Other operating expenses	(5,684)	(722)	N.M.
<b>Profit from operations</b>	<u>8,968</u>	<u>5,803</u>	54.5
Finance costs	(2,013)	(1,841)	9.3
Profit before income tax expense	<u>6,955</u>	<u>3,962</u>	75.5
Income tax expense	-	-	-
<b>Profit for the financial period</b>	<u>6,955</u>	<u>3,962</u>	75.5
<b>Other comprehensive income:</b>			
<b>Components of other comprehensive income that may be reclassified subsequently to profit or loss, net of tax</b>			
Exchange differences on translation of foreign operations	710	995	(28.6)
<b>Total comprehensive income for the financial period</b>	<u><u>7,665</u></u>	<u><u>4,957</u></u>	54.6

"N.M." – Not Meaningful

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

Profit before income tax is arrived at after charging/(crediting) the following:

	<b>Group</b>		<b>Increase/ (Decrease)</b>
	<b>1Q2019 RMB'000</b>	<b>1Q2018 RMB'000</b>	<b>%</b>
Depreciation of property, plant and equipment	6,006	3,573	68.1
Interest expense	2,013	1,494	34.7
Interest income	(80)	(69)	15.9
Foreign currency exchange gain – net	(2,477)	(9,256)	(73.2)

**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 STATEMENTS OF FINANCIAL POSITION  
AS AT 31 MARCH 2019**

	Group		Company	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	As at 1Q2019	As at FY2018	As at 1Q2019	As at FY2018
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Non-current assets</b>				
Property, plant and equipment	160,373	140,389	6	7
Investments in subsidiaries	-	-	156,277	156,277
<b>Total non-current assets</b>	<b>160,373</b>	<b>140,389</b>	<b>156,283</b>	<b>156,284</b>
<b>Current assets</b>				
Inventories	70,291	58,576	-	-
Trade and other receivables	220,983	148,623	-	-
Due from a related party	40,956	58,019	67	69
Margin deposits	3,150	3,211	3,150	3,211
Pledged fixed deposits	21,424	22,870	-	-
Cash and cash equivalents	27,370	59,388	477	84
<b>Total current assets</b>	<b>384,174</b>	<b>350,687</b>	<b>3,694</b>	<b>3,364</b>
<b>Total assets</b>	<b>544,547</b>	<b>491,076</b>	<b>159,977</b>	<b>159,648</b>
<b>Current liabilities</b>				
Trade and other payables	186,946	151,372	3,916	4,008
Due to related parties	9,295	9,132	4,364	4,448
Due to a subsidiary	-	-	30,990	30,277
Due to holding company	1,683	1,716	1,683	1,716
Bank borrowings	133,811	144,420	-	-
Income tax payable	2,317	2,317	-	-
<b>Total current liabilities</b>	<b>334,052</b>	<b>308,957</b>	<b>40,953</b>	<b>40,449</b>
<b>Non-current liabilities</b>				
Lease Liabilities	22,351	-	-	-
<b>Net assets</b>	<b>188,144</b>	<b>182,119</b>	<b>119,024</b>	<b>119,199</b>
<b>Issued capital and reserves attributable to owners of the Company</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	4,686	3,976	4,686	3,976
Accumulated losses	(111,990)	(117,305)	(165,448)	(164,563)
<b>Total equity</b>	<b>188,144</b>	<b>182,119</b>	<b>119,024</b>	<b>119,199</b>

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

As at 1Q2019		As at FY2018	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
133,811	-	144,420	-

**Amount repayable after one year**

As at 1Q2019		As at FY2018	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
-	-	-	-

**Details of any collateral**

The Group's bank borrowings comprised of trust receipts and bank loan.

Trust receipts were secured by pledged fixed deposits and corporate guarantees from related parties and personal guarantee by a Director.

Bank loan was secured by certain property, plant and equipment and corporate guarantees from related parties and personal guarantee by a Director.

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

**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE THREE MONTHS ENDED 31 MARCH 2019**

	Group	
	<u>1Q2019</u>	<u>1Q2018</u>
	RMB'000	RMB'000
<b>Operating activities</b>		
Profit before income tax expense	6,955	3,962
Adjustments for:		
Depreciation of property, plant and equipment	6,006	3,573
Interest income	(80)	(69)
Interest expense	2,013	1,494
Operating profit before movements in working capital	<u>14,894</u>	<u>8,960</u>
Changes in working capital		
Inventories	(11,715)	29,776
Trade and other receivables	(72,360)	21,072
Due from a related party	17,063	(16,152)
Margin deposit	(1)	-
Trade and other payables	30,057	(157,678)
Due to a related party	-	(3,246)
Cash used in operations	<u>(22,062)</u>	<u>(117,268)</u>
Interest received	80	69
<b>Net cash flows used in operating activities</b>	<u>(21,982)</u>	<u>(117,199)</u>
<b>Investing activities</b>		
Proceeds from disposal of investment	-	628
Purchase of property, plant and equipment	(106)	(399)
<b>Net cash flows (used in)/generated from investing activities</b>	<u>(106)</u>	<u>229</u>
<b>Financing activities</b>		
Increase in pledged fixed deposits	1,446	18,701
Repayment from a related party	247	-
Proceeds from bank borrowings	191,785	60,494
Repayment of bank borrowings	(200,982)	(20,995)
<b>Net cash (used in)/generated from financing activities</b>	<u>(7,504)</u>	<u>58,200</u>
<b>Net decrease in cash and cash equivalents</b>	(29,592)	(58,770)
Cash and cash equivalents at beginning of financial period	59,388	113,987
Effect of foreign exchange rate changes in cash and cash equivalents	(2,426)	995
<b>Cash and cash equivalents at end of financial period</b>	<u>27,370</u>	<u>56,212</u>

**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 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE THREE MONTHS ENDED 31 MARCH 2019**

<b>Group</b>	<b>Share capital RMB'000</b>	<b>Share premium RMB'000</b>	<b>Statutory reserve RMB'000</b>	<b>Foreign currency translation reserve RMB'000</b>	<b>Accumulated losses RMB'000</b>	<b>Total equity RMB'000</b>
<b>Balance at 1 January 2019</b>	149,488	130,298	15,662	3,976	(117,305)	182,119
Effect of adopting IFRS 16					(1,640)	(1,640)
Adjusted balance at 1 January 2019	149,488	130,298	15,662	3,976	(118,945)	180,479
Profit for the financial period	-	-	-	-	6,955	6,955
<i>Other comprehensive income:</i>						
Exchange differences on translation of foreign operations	-	-	-	710	-	710
Total comprehensive income for the financial period				710	6,955	7,665
<b>Balance at 31 March 2019</b>	<b>149,488</b>	<b>130,298</b>	<b>15,662</b>	<b>4,686</b>	<b>(111,990)</b>	<b>188,144</b>
<b>Balance at 1 January 2018</b>	149,488	130,298	15,662	5,878	(137,904)	163,422
Profit for the financial period	-	-	-	-	3,962	3,962
<i>Other comprehensive income:</i>						
Exchange differences on translation of foreign operations	-	-	-	995	-	995
Total comprehensive income for the financial period	-	-	-	995	3,962	4,957
<b>Balance at 31 March 2018</b>	<b>149,488</b>	<b>130,298</b>	<b>15,662</b>	<b>6,873</b>	<b>(133,942)</b>	<b>168,379</b>
<b>Company</b>	<b>Share capital RMB'000</b>	<b>Share premium RMB'000</b>	<b>Statutory reserve RMB'000</b>	<b>Foreign currency translation reserve RMB'000</b>	<b>Accumulated losses RMB'000</b>	<b>Total equity RMB'000</b>
<b>Balance at 1 January 2019</b>	149,488	130,298	-	3,976	(164,563)	119,199
Loss for the financial period	-	-	-	-	(885)	(885)
<i>Other comprehensive income:</i>						
Exchange differences on translation of foreign operations	-	-	-	710	-	710
Total comprehensive income/(loss) for the financial period				710	(885)	(175)
<b>Balance at 31 March 2019</b>	<b>149,488</b>	<b>130,298</b>	<b>-</b>	<b>4,686</b>	<b>(165,448)</b>	<b>119,024</b>
<b>Balance at 1 January 2018</b>	149,488	130,298	-	5,758	(164,751)	120,793
Profit for the financial period	-	-	-	-	2,308	2,308
<i>Other comprehensive income:</i>						
Exchange differences on translation of foreign operations	-	-	-	995	-	995
Total comprehensive income for the financial period	-	-	-	995	2,308	3,303
<b>Balance at 31 March 2018</b>	<b>149,488</b>	<b>130,298</b>	<b>-</b>	<b>6,753</b>	<b>(162,443)</b>	<b>124,096</b>

**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 during the three months financial period ended 31 March 2019 and no outstanding convertibles or treasury shares were held as at 31 March 2019 and 31 December 2018.

**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 number of issued shares as at 31 March 2019 and 31 December 2018 was 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, cancellations 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 standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard).**

The figures have not been audited nor reviewed.

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

Not applicable.

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

Other than as disclosed in paragraph (5) below, the same accounting policies and methods of computation have been applied in these unaudited financial statements as those applied in the most recently audited financial statements for the financial year ended 31 December 2018.

**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 financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

The adoption of the new/revised/amendments to IFRS which came into effect from 1 January 2019 does not have a material impact on the financial statements of the Group and the Company for the financial period under review, except for the following.

IFRS 16 Leases

The Group has adopted IFRS 16 Leases for the financial year beginning on 1 January 2019 using the modified retrospective approach to recognise the amount of right-of-use assets as part of property, plant and equipment and the associated lease liabilities are included in trade and other payables. The adoption of IFRS 16 Leases resulted in adjustments to the Group's accumulated losses as at 1 January 2019.

**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).**

	Group	
	<u>1Q2019</u>	<u>1Q2018</u>
Earnings per share – basic and diluted (RMB cents)	1.81	1.03

Basic earnings per ordinary share is calculated by dividing the Group's profit attributable to equity holders of the Company by the weighted average share capital of 383,288,000 shares during the three months financial period ended 31 March 2019 and 31 March 2018, respectively.

Diluted earnings per share is calculated by dividing the Group's profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the three months financial period ended 31 March 2019 and 31 March 2018 plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

There is no dilutive potential ordinary share during the three months financial period ended 31 March 2019 and 31 March 2018.



**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	
	<u>1Q2019</u>	<u>FY2018</u>	<u>1Q2019</u>	<u>FY2018</u>
Net asset value per share (RMB in cents)	49.09	47.52	31.05	31.10

Net asset value per ordinary share is calculated using the Group's and the Company's net asset values, as at the end of the respective financial period divided by the number of shares in issue (excluding treasury shares) of 383,288,000 ordinary shares as at 31 March 2019 and 31 December 2018, respectively.

**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 Financial Performance**

**Revenue**

Revenue increased by approximately 33.0% or RMB 206.5 million from RMB 626.5 million in 1Q2018 to RMB 833.0 million in 1Q2019 due to an increase in the sales volume of liquefied petroleum gas ("LPG") from 169,410 tonnes in 1Q2018 to 244,326 tonnes in 1Q2019 alongside an increase in local demand for LPG. This is partially offset by a decrease in average sale price of LPG from RMB 3,698 per tonne in 1Q2018 to RMB 3,409 per tonne in 1Q2019 in order for the Group to stay price competitive.

**Gross Profit**

Gross profit increased by RMB 13.7 million from RMB 9.0 million in 1Q2018 to RMB 22.7 million in 1Q2019 due to the increase in sales as well as an increase in gross profit margin from 1.4% in 1Q2018 to 2.7% in 1Q2019 as the Group was able to secure lower cost of raw materials.

**Other operating income**

Other operating income decreased from RMB 9.3 million in 1Q2018 to RMB 3.9 million in 1Q2019. The decrease of RMB 5.4 million or 57.8% was mainly attributed by lower foreign exchange gain in 1Q2019 as RMB was stronger against USD in 1Q2018.

**Operating expenses**

The increase in operating expenses was mainly due to the following:

- (i) Selling and distribution expenses increased by RMB 1.5 million or 22.6% from RMB 6.7 million in 1Q2018 to RMB 8.2 million in 1Q2019 due to higher marine freight driven by higher export volume, partially offset by lower tugboat charges.

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: - (Cont'd)

(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 (Cont'd)

(ii) Administrative expenses decreased by RMB 1.3 million or 25.6% from RMB 5.0 million in 1Q2018 to RMB 3.7 million in 1Q2019 mainly due to lower port maintenance cost, lower rental cost and insurance cost partially offset by higher manpower cost with the increase in headcount.

(iii) Other operating expenses increased by RMB 5.0 million to RMB 5.7 million in 1Q2019 from RMB 0.7 million in 1Q2018 mainly due to increase in commission charges.

#### **Finance costs**

Finance costs increased by approximately RMB 0.2 million or 9.3% from RMB 1.8 million in 1Q2018 to RMB 2.0 million in 1Q2019 mainly due to interest cost on lease liabilities, partially offset by decrease in commission expense on bank borrowings.

#### **Profit attributable to equity holders**

As a result of the above, the Group improved its net profit attributable to equity holders from RMB 4.0 million in 1Q2018 to RMB 7.0 million in 1Q2019, which is an increase of RMB 3.0 million or 75.5%.

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: - (Cont'd)**
- (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**

#### **Non-current assets**

Non-current assets increased by RMB 20.0 million or 14.2% from RMB 140.4 million as at FY2018 to RMB160.4 million as at 1Q2019 mainly due to recognition of right-of-use assets of RMB 26.0 million and partially offset by depreciation of property, plant and equipment of RMB 6.0 million.

#### **Current assets**

Current assets increased by RMB 33.5 million or 9.5% from RMB 350.7 million as at FY2018 to RMB 384.2 million as at 1Q2019. This is mainly due to increase in inventories of RMB 11.7 million and increase in trade and other receivables of RMB 72.3 million, partially offset by decrease in amount due from a related party of RMB 17.1 million and decrease in cash and cash equivalents of RMB 32.0 million and pledged fixed deposits of RMB 1.4 million.

#### **Current liabilities**

Current liabilities increased by approximately RMB 25.1 million or 8.1% from RMB 309.0 million as at FY2018 to RMB 334.1 million as at 1Q2019. This is mainly due to increase in trade and other payables of RMB 35.6 million, partially offset by decrease in short-term bank borrowings of RMB 10.6 million.

#### **Non-Current liabilities**

Non-current liabilities increased by RMB 22.4 million due to recognition of lease liabilities following the adoption of IFRS 16 Leases as disclosed in paragraph 5.

### **Review of the Group's Cash Flow Statement**

The Group reported cash and cash equivalents of RMB 27.4 million as at 1Q2019. The net decrease of RMB 32.0 million from cash and cash equivalents of RMB 59.4 million as at FY2018 arose from foreign exchange rate changes of RMB 2.4 million on foreign currency cash balances and net cash outflow from operating, investing and financial activities during 1Q2019 of RMB 29.6 million.

Net cash used in operating activities amounted to RMB 22.0 million mainly due to cash utilised in working capital contributed by increase in inventories and trade and other receivables, partially offset by increase in trade and other payables and amount due to a related party.

Net cash used in investing activities amounted to RMB 0.1 million was due to purchase of property, plant and equipment.

Net cash used in financing activities amounted to RMB 7.5 million mainly due to net repayment of bank borrowings and interest paid.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable

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.**

As the International Monetary Fund forecasts a slowdown in the global economy and while the protracted China-USA trade negotiations on tariffs being imposed on imports of LPG raw materials are ongoing, the Group continues to face challenges in the next 12 months. On the other hand, the Group is cautiously optimistic as it noted that, moving forward, the domestic demand for LPG remains healthy.

As international oil prices are volatile and with keen competition from substitute energy products, the Group will remain vigilant and keep a close watch on global trends in managing the business risks and operating costs to cope with these challenges and maintain its market competitiveness in the LPG market. The Group will focus on opportunities to improve profitability and strengthen the Group's financial position. At the same time, it will forge ahead and seek out new avenues to broaden its customer base and further propel its growth over the next 12 months.

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 2019.

13. **If the group has obtained a general mandate from shareholders for Interested Person Transactions (“IPT”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The aggregate values of interested person transactions for the financial period ended 31 March 2019 are as follows:

Name of interested person	Aggregate value of all interested person transactions (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 (excluding transactions less than \$100,000)
	RMB'000	RMB'000	RMB'000
Chaozhou Huafeng (Group) Incorporation Ltd			
• Lease of LPG transportation vehicles	-	1,127	1,127
Chaozhou Zhongkai Huafeng Energy Retail Chain Co., Ltd.			
• Sale of LPG	-	28,238	28,238
Chaozhou Huafeng Refining Co., Ltd			
• Lease of port terminals, land use rights, office premises and staff dormitory	-	578	578
Guangdong Huafeng Zhongtian LNG Co., Ltd			
• Lease of port terminals, land use rights, office premises and staff dormitory	857	-	857

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

The Board of Directors of the Company does hereby confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited consolidated financial statements for the three months financial period ended 31 March 2019 to be false and misleading in any material aspect.

15. **Confirmation that the issuer has procured undertakings from all its directors and Executive officers (in the format set out in Appendix 7.7 under Rule 720(1)).**

The Board of Directors confirms that they have procured undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST

#### BY ORDER OF THE BOARD

**Liang Guo Zhan**  
Executive Chairman

14 May 2019