

QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF SGX LISTING MANUAL

Ouhua Energy Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) was placed on the Watch-List pursuant to Rule 1311 of the SGX Listing Manual on 5 March 2014.

Pursuant to Rule 1313(2) of the SGX Listing Manual, the Board of Directors (the “**Board**”) of the Company wishes to provide the update below in respect of the second quarter ended 30 June 2015.

Update of Financial Position

For the second quarter ended 30 June 2015 (“**2Q 2015**”), the Group’s revenue recorded a decrease of approximately 29.43% or RMB186.52 million compared to the same quarter last year (“**2Q 2014**”), mainly due to a decrease of average sale price of LPG from RMB5,518 per ton in 2Q2014 to RMB3,367 per ton in 2Q 2015.

Gross profit increased by RMB14.66 million as compared to 2Q 2014. Correspondingly, gross profit margin improved from 0.87% in 2Q 2014 to 4.52% in 2Q 2015, mainly due to the fluctuation of LPG purchase price, which was more stable in 2Q2015 as compared to 2Q 2014.

On the other hand the operating expenses decreased by RMB10.57 million or 39.96% mainly due to a decrease in selling and distribution expenses of RMB7.42 million and decrease in other operating expenses of RMB2.7 million.

As a result of the above, net profit attributable to equity holders recorded RMB1.86 million in 2Q 2015.

Please refer to the announcement of our results for the financial period ended 30 June 2015 released on 31 July 2015 for full details.

Update on Future Direction

In view of the foregoing, the Group envisages 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 its business risks and controlling its operating costs. The Group will also explore more business opportunities for purposes of turnaround.

The Group is aware of the deadline given by the SGX-ST for its removal from the Watch-List. The Group will endeavour to meet the requirements of Rule 1314 of the SGX-ST Listing Manual to be removed from the Watch-List.

By Order of the Board
Ouhua Energy Holdings Limited

Liang Guo Zhan
Executive Chairman

31 July 2015