

OUHUA ENERGY HOLDINGS LIMITED
(Incorporated in Bermuda under Company Registration No. 37791)

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 first quarter ended 30 June 2016.

Update of Financial Position

For the second quarter ended 30 June 2016 (“**2Q 2016**”), the Group’s revenue recorded a increase of approximately 12.33% or RMB55.16 million compared to the same quarter last year (“**2Q 2014**”). mainly due to an increase of sales volume of LPG from 132,853 tones 2Q2015 to 196,165 tones 2Q2016.

Gross profit increased by RMB16.58 million as compared to 2Q 2015. Correspondingly, gross profit margin improved from 4.52% in 2Q 2015 to 7.82% in 2Q 2016, mainly due to the fluctuation of LPG purchase price was more stable in 2Q2016 as compared to 2Q 2015.

On the other hand the operating expenses increased by RMB11.96 million or 75.31% mainly due to an increase in selling and distribution expenses of RMB8.46 million and increase in other operating expenses of RMB4.28 million.

As a result of the above, net profit attributable to equity holders recorded RMB6.42 million in 2Q 2016.

Please refer to the announcement of our results for the financial period ended 30 June 2016 released on 5 August 2016 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 in anticipation of the turnaround in the oil and gas industry.

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 GuoZhan
Executive Chairman

5 August 2016