



OUHUA ENERGY HOLDINGS LIMITED

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

Quarterly Update Pursuant to Rule 1313(2) of the SGX-ST Listing Manual

Effective from 5 June 2017, Ouhua Energy Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) was placed on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) watch-list pursuant to the Listing Rule 1311(2) under the revised Minimum Trading Price entry criteria.

Update of Financial Position

For the second quarter ended 30 June 2017 (“**2Q2017**”), the Group’s revenue recorded an increase of approximately 25.39% or RMB127.58 million compared to the same quarter last year (“**2Q2016**”). This was mainly due to an increase of average sale price of liquid petroleum gas (“**LPG**”) from RMB2,561 per tonne in 2Q2016 to RMB3,140 per tonne in 2Q2017.

Gross profit decreased by RMB41.08 million or 111.70% in 2Q2017 as compared to 2Q2016. Correspondingly, gross profit margin decreased from 7.32% to negative 0.68% mainly due to the fluctuation of LPG purchase price was more unstable in 2Q2017 as compared to 2Q2016.

On the other hand, operating expenses decreased by RMB7.25 million or 26.03% mainly due to a decrease in other operating expenses by RMB8.49 million or 92.54%, partially offset by an increase in selling and distribution expenses of RMB0.48 million and an increase in administrative expenses by RMB0.76 million or 15.75%.

As a result of the above, net loss attributable to equity holders recorded RMB23.56 million in 2Q2017.

Please refer to the announcement of our results for the financial period ended 30 June 2017 released on 11 August 2017 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 the purpose of achieving a 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 GuoZhan
Executive Chairman

11 August 2017