



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.

Pursuant to Rule 1313(2) of the SGX-ST Listing Manual, the Board of Directors of the Company (the “**Board**”) wishes to provide the update below in respect of the third quarter ended 30 September 2017 (“**3Q2017**”).

Update of Financial Position

Revenue

Revenue recorded an increase of approximately 15.77% or RMB76.96 million in 3Q2017, mainly due to increase of sales price of LPG from RMB2,561 per tonne in 3Q2016 to RMB3,101 per tonne in 3Q2017 despite the drop of average sale volume of LPG from 196,165 tonnes in 3Q2016 to 180,165 tonnes in 3Q2017.

Cost of sales

Cost of sales increase by 17.85% or RMB 82.22 million in 3Q2017 due to the increase in the price of raw material by 15.04% on the average purchase volume.

Gross Profit

Gross profit decreased by RMB5.22 million or 19.04% in 3Q2017 as compared to 3Q2016. Correspondingly, gross profit margin decreased from 5.62% to 3.93% mainly due to the fluctuation of LPG purchase price which was more volatile in 3Q2017 as compared to 3Q2016.

Other operating income

Other operating income increased by RMB 7.284 million mainly due to the increase of foreign exchange gain

Operating expenses

Operating expenses decreased due mainly to:

Selling and distribution expenses decreased by approximately RMB6.81 million or 42.25% mainly from lower land freight cost of RMB6.95 million and lower tugboat charges of RMB1.86 million Administrative expenses decreased by RMB0.672 million or 12.92% mainly from lower salary and the port fees incurred.

Finance cost

Finance costs decreased by approximately RMB0.522 million or 13.31% mainly from lower bank loan interest and the average loan amounts.

Profit attributable to equity holders

As a result of the above, net profit attributable to equity holders recorded RMB11.22million in 3Q2017.

Update on Future Direction

The Group is cautiously optimistic over our business prospects in the following months until the end of the year and next year. Over the next 12 months, the international oil prices are likely to remain volatile due to increased tensions in the Gulf region. The RMB appears to be stable at current levels and the China economy is forecasted to improve going forward. The price of the liquid petroleum gas has increased compared to liquid natural gas which made the local customers reduced their usage of the liquid petroleum gas. Nevertheless, the Company will strive to seek new markets and enlarge our market share in the rural areas and take steps to enhance our profitability and control costs to cope with the market challenges.

By Order of the Board
Ouhua Energy Holdings Limited

Liang GuoZhan
Executive Chairman

14 November 2017