



OUHUA ENERGY HOLDINGS LIMITED

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

Quarterly Update Pursuant to Rule 1313(2) of 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 (the “**Board**”) of the Company wishes to provide the update below in respect of the 2nd quarter ended 30 Jun 2018 (“**Q2 2018**”).

Update of Financial Position

Revenue increased by approximately 3.4% or RMB21.5 million, mainly due to the up of average sale price of LPG from RMB3,136 per ton in 2Q2017 to RMB3,542 per ton in 2Q2018. This is partially offset by the decrease in the sales volume of LPG from 200,913 tonnes 2Q2017 to 183,961 tonnes in 2Q2018. Price competitiveness of LPG as compared to substitute products contributed to the increase of local demand during the period.

Gross profit increased by RMB33.6 million or 779.9% as compared to 2Q2017 due to margin increase and mix, domestic volume increase 5.7%(164,291 tonnes vs corresponding period 174,218 tonnes) whilst export volume down by 26.3%(19,670 tonnes vs corresponding period 26,695 tonnes) as result of canceling non profitable long term contract export customer. Correspondingly, gross profit margin

Other operating income decreased by RMB3.1 million or 34.4% as compared to 2Q2017, mainly due to the foreign exchange gain of RMB3.3 million in 2Q2017.

Operating expenses increased by RMB8.3 million or 40.1% mainly due to the following:

- (i) Selling and distribution expenses decreased by approximately RMB6.8 million or 47.6% due to marine freight decrease driven by lesser export volume
- (ii) Administrative expenses decreased by RMB0.04 million or 0.6%
- (iii) Other operating expenses increased by RMB15.1 million mainly due to exchange loss 11.5million and letter of credit fees charged by bank.

Finance costs increased by approximately RMB1.8 million or 52.3% mainly due to decrease of interest expenses driven by the decrease in average loans from banks.

As a result of the above, net profit attributable to equity holders recorded RMB1.9 million in 2Q 2018.

Please refer to the announcement of our results for the financial period ended 30 Jun 2018 released on 13 August 2018 for full details.

Update on Future Direction

In view of the foregoing, the Group envisages that the next 12 months will continue to bring challenges to the profitability and performance of the Group. As such, 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 GuoZhan
Executive Chairman

13 August 2018