



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 3rd quarter ended 30 Sep 2019 (“**Q3 2019**”).

Update of Financial Position

Revenue

Revenue increased by approximately 10.4% or RMB 68.7 million from RMB 661.6 million in the 3rd quarter of 2018 to RMB 730.21 million in the 3rd quarter of 2019 due to an increase in the sales volume of liquefied petroleum gas (“LPG”) from 152,934 tons in the 3rd quarter of 2018 to 244,156 tons in the 3rd quarter of 2019 with the expansion of distribution network in East China. This is partially offset by a decrease in average sale price of LPG from RMB 4,300 per tons in the 3rd quarter of 2018 to RMB 2,993 per tons in the 3rd quarter of 2019 due to unfavourable market condition.

Gross Profit

Gross profit decreased by RMB 15.8 million or 42% from RMB 38.0 million in the 3rd quarter of 2018 to RMB 22.1 million in the 3rd quarter of 2019, which was attributed by two factors: one was the increasing competition from LPG produced by domestic refining plants, which continue to cut down price to expand their market share, the other was the cost of imported LPG were pushed up by higher marine transportation cost and devaluing CNY exchange rate, driving down gross profit of LPG in 3Q2019

Other operating income

Other operating income increased from RMB 0.5 million in the 3rd quarter of 2018 to RMB 1.4 million in the 3rd quarter of 2019. The increase of RMB 0.9 million or 55.4% was due to foreign exchange loss being reclassification into finance cost in 3Q2019.

Operating expenses

The increase in operating expenses was mainly due to the following:

Selling and distribution expense

Selling and distribution expenses increased by RMB 5.2 million or 72% from RMB 7.2 million in the 3rd quarter of 2018 to RMB 12.4 million the 3rd quarter of 2019 due to increased marine freight cost

to access to Pearl River Delta and Yangzi River Delta market, partially offset by lower tugboat charges.

Administrative expenses

Administrative expenses decreased by RMB 1.6 million or 28.9% from RMB 5.4 million in the 3rd quarter of 2018 to RMB 3.8 million in the 3rd quarter of 2019 mainly due to lower overhaul cost and lower manpower cost.

Other operating expenses decreased by RMB 7.0 million to RMB 1.8 million in the 3rd quarter of 2019 from RMB 8.9 million the 3rd quarter of 2018 mainly due to foreign exchange loss being reclassification into finance cost in 3Q2019.

Finance costs

Finance costs decreased by approximately RMB 9.7 million or 383% from RMB 2.8 million in the 3rd quarter of 2018 to RMB 12.6 million in the 3rd quarter of 2019 mainly due to finance loss as a result of devaluing CNY exchange rate caused by the recent trade tension between USA and PRC.

Profit attributable to equity holders

As a result of the above, the Group yields its loss attributable to equity holders of RMB 7.04 million the 3rd quarter of 2019, compared with net profit of RMB 14.3 million in the 3rd quarter of 2018.

Please refer to the announcement of our results for the financial period ended 30 Sep 2019 released on 8 Nov 2019 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 endeavor 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

8 Nov 2019