



OUHUA ENERGY HOLDINGS LIMITED
(Incorporated in Bermuda with Registration Number 37791)

**RESPONSES TO SGX-ST QUERIES REGARDING THE COMPANY'S FINANCIAL STATEMENTS
FOR THE FULL YEAR ENDED 31 DECEMBER 2020**

The Board of Directors (the "Board") of Ouhua Energy Holdings Limited (the "Company", and together with its subsidiaries, the "Group") refers to the queries raised by Singapore Exchange Securities Trading Limited ("SGX-ST") on 11 March 2021 in relation to the Company's clarification announcement dated 10 March 2021 in relation to the financial statements for the full year ended 31 December 2020. The Company's responses to the queries are as follows:

1. SGX-ST Query

With regard to the Company's response to query no. 1, please explain how the reasons cited affect the material variances in the following line items: (i) trade and other receivables; and (ii) dues from a related party.

Company's Response

- (i) Trade and other receivables include our advances to suppliers which will be written back when the cargo is delivered to us. As explained in our clarification announcement dated 10 March 2021, there was a delay in the delivery of our December 2020 cargo and so our advances for that cargo could not be written back and this resulted in the higher trade and other receivables which should have been reduced by approximately RMB 27 million if there was no delay in the delivery of our cargo. Therefore, the trade and other receivables could have been lower if our December 2020 cargo was delivered on time. Other reasons are that we have extended 30 days payment to some customers to be competitive.
- (ii) In December 2020, LPG prices were on a rising trend which resulted in many of our customers, including our related party, increasing their purchases. Therefore, these conditions have contributed to the 10% increase in "dues from a related party" because of increased purchase volume. This 10% increase is not due to any borrowings from related party.

2. SGX-ST Query

With regard to the Company's response to query no. 2, please explain: (i) the material variances in the line item "prepayments"; and (ii) the material variance in the line item "deposits", the underlying transactions and rationale for these deposits.

Company's Response

- (i) The material variance in the line item "prepayments" mainly comes from banking service charges/fees from our bank, which will be amortized over several months during the loan service period.
- (ii) The material variance of the line item "deposits" due mainly to a deposit made to Dalian Commodity Exchange to participate in LPG forward transaction.

3. SGX-ST Query

With regard to the Company's response to query no. 3, please explain the material variance in the line item "contract liabilities".

Company's Response

Contract liabilities relate to advances from our customers when they place purchase orders with us. Our customers placed more orders in December 2020 to meet the demand of the local market and also driven by the rising LPG price trend.

By Order of the Board

Liang Guo Zhan
Executive Chairman
15 March 2021