



## O UHUA ENERGY HOLDINGS LIMITED

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

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

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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 4th quarter ended 31 Dec 2019 (“**Q4 2019**”).

#### Update of Financial Position

##### **Revenue**

Revenue increased by approximately 8.90% or RMB 69.10 million from RMB 777.7 million in the 4th quarter of 2018 to RMB 846.8 million in the 4th quarter of 2019 due to an increase in the sales volume of liquefied petroleum gas (“LPG”) from 187,675 tons in the 4th quarter of 2018 to 231,148 tons in the 4th 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 3,986 per tons in the 4th quarter of 2018 to RMB 3,667 per tons in the 4th quarter of 2019 due to market conditions.

##### **Gross Profit**

Gross profit increased by RMB 41.40 million or 396.0% from RMB 10.5 million in the 4th quarter of 2018 to RMB 51.9 million in the 4th quarter of 2019, which was attributed by two factors: one was sudden increase on demand encouraged by Phase I trade agreement signed between US and China, the other is the seasonal demand in winter, both of which helped Ouhua positioned better in LPG market.

##### **Other operating income**

Other operating income increased from RMB -4.5 million in the 4th quarter of 2018 to RMB 5.4 million in the 4th quarter of 2019. The increase was due to the reclassification of foreign exchange gain in Q4 2018.

##### **Operating expenses**

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

##### **Selling and distribution expense**

Selling and distribution expenses increased by RMB 1.20 million or 16.4% from RMB 7.6 million in the 4th quarter of 2018 to RMB 8.8 million the 4th 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 increased by RMB 2.00 million or 59.4% from RMB 3.4 million in the 4th quarter of 2018 to RMB 5.4 million in the 4th quarter of 2019 mainly due to higher overhaul cost and manpower cost in Q4 2019.

Other operating expenses increased by RMB 6.80 million to RMB 14.2 million in the 4th quarter of 2019 from RMB 7.4 million the 4th quarter of 2018 mainly due to reclassification of bank charge in Q4 2019.

### **Finance costs**

Finance costs decreased by approximately 11.0 RMB million from RMB -1.8 million in the 4th quarter of 2018 to RMB 9.2 million in the 4th quarter of 2019 mainly due to increased interest cost in Q4 2019 following the increase in interest cost in Q4 2019 and exchange gains in Q4 2018.

### **Profit attributable to equity holders**

As a result of the above, the Group yields its profit attributable to equity holders of RMB 38.1 million the 4th quarter of 2019, compared with net profit of RMB 0.6 million in the 4th quarter of 2018.

Please refer to the announcement of our results for the financial period ended 31 Dec 2019 released on 27 Feb 2020 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

27 Feb 2020