

QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF SGX LISTING MANUAL

Ouhua Energy Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) was placed on the watch-list pursuant to Rule 1311 of the SGX Listing Manual on 5 March 2014.

Pursuant to Rule 1313(2) of the SGX Listing Manual, the Board of Directors (the “**Board**”) of the Company wishes to provide the update below in respect of the third quarter ended 30 September 2016.

Update of Financial Position

For the third quarter ended 30 September 2016 (“**3Q 2016**”), the Group’s revenue recorded a decrease of approximately 3.48% or RMB17.59 million compared to the same quarter last year (“**3Q 2015**”). mainly due to the drop of average sale price of LPG from RMB3,037 per ton in 3Q2015 to RMB2,310 per ton in 3Q2016.

Gross profit decreased by RMB11.94 million or 30.33% in 3Q2016 as compared to 3Q2015. Correspondingly, gross profit margin decreased from 7.78% to 5.62% mainly due to the fluctuation of LPG purchase price was more unstable in 3Q2016 as compared to 3Q2015.

Accordingly the operating expenses decreased by RMB4.61 million or 15.93% compared to 3Q2015 mainly due to a decrease in the other operating expenses by RMB9.13 million or 75.46% and a decrease in selling and distribution expenses of RMB1.04 million or 16.63%, partially offset by an increase in Selling and distribution expenses of RMB5.56 million or 52.54%.

As a result of the above, net profit attributable to equity holders recorded RMB1.12 million in 3Q 2016.

Please refer to the announcement of our results for the financial period ended 30 September 2016 released on 10 November 2016 for full details.

Update on Future Direction

In view of the foregoing, the Group envisages that the next 12 months will bring challenges to the profitability and performance of the Group. 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

10 November 2016