



**OUHUA ENERGY HOLDINGS LIMITED**

(Incorporated in Bermuda with Registration Number 37791)

---

**RESPONSE TO SGX'S QUERY ON THE ANNUAL REPORT OF THE COMPANY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 ("2014 ANNUAL REPORT")**

---

The Board of Directors (the "**Board**") of Ouhua Energy Holdings Limited (the "**Company**") (together with its subsidiaries, the "**Group**") wishes to announce its response to the query raised by the Singapore Exchange Securities Trading Limited ("**SGX**") on the 2014 Annual Report of the Company on 14 May 2015. The Company appends the SGX's query and its corresponding response as follows:

*Query: For the Exchange's consideration under Rule 1303(3)(c) and noting the Independent Auditor's findings on "going concern", please provide the following information:-*

- (i) the Board's opinion if the Company will be able to operate as going concern and basis for the Board's view; and*
- (ii) the Board's confirmation that all material disclosures have been provided for trading of the Company's shares to continue.*

*Response:*

- (a) With reference to the segment on "*Emphasis of Matter*" in the Independent Auditors' Report for FY2014 on page 38 of the Company's 2014 Annual Report, the Board is of the opinion that the Company will be able to operate as a going concern after taking into consideration the following factors:
  - (i) Based on the 1Q2015 financial results announced by the Company on 29 April 2015, the Board noted that compared to 1Q2014, the gross profit had increased by RMB 54.36 million. Correspondingly, the gross profit margin had improved from a negative 2.44% in 1Q2014 to a positive 11.35% in 1Q2015. As there was a significant improvement in the financial results, the Board noted that the Company was able to generate positive cashflow from its operations. The Board also noted that the Company is turning its business around;
  - (ii) The Group has implemented various measures to tighten cost controls on its operating expenses in order to improve its profitability and to generate positive cash inflow from its operations; and
  - (iii) The Group currently has an aggregate borrowing of RMB 378.9 million (as at 31 March 2015). The Board has evaluated all relevant facts available to them and are of the opinion that the Group has a good track record or relationship with financial

institutions. This enhances the Group's ability to continue and/or obtain new credit facilities to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future.

- (b) In addition, the Board confirms that, to the best of their knowledge, all material disclosures have been provided for trading of the Company's shares to continue.

By Order of the Board  
Liang Guo Zhan  
Executive Chairman  
19 May 2015