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 first quarter ended 31 March 2018 ("Q1 2018").

Update of Financial Position

Revenue increased by approximately 2.4% or RMB 14.79 million, mainly due to the increase in the sales volume of liquified petroleum gas ("LPG") from 165,194 tonnes 1Q2017 to 169,410 tonnes in 1Q2018. This is partially offset by the drop of average sale price of LPG from RMB 3,703 per tonne in 1Q2017 to RMB 3,698 per tonne in 1Q2018. Price competitiveness of LPG as compared to substitute products contributed to the increase of local demand during the period.

Gross profit decreased by RMB 43.47 million or 82.9% as compared to 1Q2017 due to the decrease in the margin and change in margin mix, domestic volume increase by 17% (165,124 tonnes vs corresponding period of 140,724 tonnes) whilst export volume down by 82% (4,286 tonnes vs corresponding period of 24,470 tonnes) as result of canceling a non-profitable long term contract with an export customer. Correspondingly, gross profit margin decreased from 8.6% in 1Q2017 to 1.43% in 1Q2018.

Other operating income increased by RMB 8.8 million or 489.2% as compared to 1Q2017, mainly due to the increase in the foreign exchange gain of RMB 9.25 million.

Operating expenses decreased by RMB 5.2 million or 29.7% mainly due to the following:

(i) Selling and distribution expenses decreased by approximately RMB 5.53 million or 45.2% due to marine freight decrease RMB 6.7 million driven by less export volume;

(ii) Administrative expenses increased by RMB 0.7 million or 15.3% mainly due salary increase and port construction cost increase; and

(iii) Other operating expenses decreased by RMB 0.5 million or 39% mainly due to bank charges decrease and miscellaneous.

Finance costs decreased by approximately RMB 2.5 million or 57.9% mainly due to a decrease in interest expenses by RMB 2.9 million, which was driven by the decrease in average loans from banks.

As a result of the above, net profit attributable to equity holders recorded RMB 4.0 million in 1Q 2018.

Please refer to the announcement of our results for the financial period ended 31 March 2018 released on 15 May 2018 for full details.

Update on Future Direction

International oil price has risen substantially recently and is likely to remain high as the OPEC countries continue to stick to their production quotas to boost oil prices and also the geopolitical tensions in the Middle East. In addition, trade tensions are also likely to have some impact on the China economy and the RMB will likely be weaker following recent trends. The global economy remains healthy although the growth rate may be slower. The Group is keeping close watch over these market and global trends in managing its business risks, particularly bearing in mind its less favourable performance in 1Q2018. Over the next 12 months and for 2Q2018, the Group is cautiously optimistic that it can cope with these challenges ahead and will remain prudent in controlling its operating costs to improve its performance.

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 Guo Zhan
Executive Chairman

15 May 2018