

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 first quarter ended 31 March 2016.

Update of Financial Position

For the first quarter ended 31 March 2016 (“**1Q 2016**”), the Group’s revenue recorded an increase of approximately 60.4% or RMB208.25 million compared to the same quarter last year (“**1Q 2015**”), mainly due to the increase of sales volume of LPG from 94,745 tones in 1Q2015 to 208,005 tones in 1Q2016.

Gross profit decreased by RMB8.43 million as compared to 1Q 2015. Correspondingly, gross profit margin decreased from 11.35% in 1Q2015 to 5.6% in 1Q2016, mainly due to the fluctuation of LPG purchase price was more unstable in 1Q2016 as compared to 1Q 2015.

On the other hand the operating expenses decreased by RMB3.9 million or 24.7%, mainly due to a decrease in the foreign exchange losses of RMB2.63 million.

As a result of the above, net profit attributable to equity holders recorded RMB6.78 million in 1Q 2016.

Please refer to the announcement of our results for the financial period ended 31 March 2016 released on 13 May 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

13 May 2016