

SUNVIC CHEMICAL HOLDINGS LIMITED
(Registration Number: 200406502E)

Financial Statement and Dividend Announcement for the First Quarter Ended 31 March 2018

INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FIRST QUARTER RESULTS

1(a) A statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Q1 2018	Q1 2017	+/(-)
	RMB'000	RMB'000	%
Revenue	677,243	588,921	15.0
Cost of sales	(649,864)	(506,286)	28.4
Gross profit	27,379	82,635	(66.9)
Other operating income	11,248	8,917	26.1
Distribution expenses	(12,356)	(22,895)	(46.0)
Administrative expenses	(30,634)	(32,198)	(4.9)
Other operating expenses	(7,230)	(8,007)	(9.7)
(Loss)/profit from operations	(11,593)	28,452	(140.7)
Finance costs	(23,759)	(28,522)	(16.7)
Loss before income tax	(35,352)	(70)	NM
Income tax expense	(1,462)	(3,653)	(60.0)
Loss for the period	(36,814)	(3,723)	888.8
Other comprehensive income			
Translation difference relating to financial statements of foreign subsidiaries with functional currency other than RMB	(479)	(22)	(2077.3)
Total comprehensive loss for the period	(37,293)	(3,745)	895.8
Attributable to:			
Owners of the Company	(36,826)	(3,698)	895.8
Non-controlling interests	(467)	(47)	893.6
Total comprehensive loss for the period	(37,293)	(3,745)	895.8

The following items have been included in arriving at profit before taxation:-

	Q1 2018 RMB'000	Q1 2017 RMB'000	+/(-) %
Interest income	(1,586)	(592)	167.9
Exchange (gain/loss), net	(4,524)	1,668	(371.2)
Depreciation of property, plant and equipment	34,474	32,233	7.0
Amortisation of land use rights	793	444	78.6
Amortisation of intangible assets	197	98	101.0
Interest paid and payable to banks	23,759	28,522	(16.7)
Reversal of write down of inventories	-	(2,588)	(100.0)

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at 31 March 2018	As at 31 December 2017	As at 31 March 2018	As at 31 December 2017
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	1,097,827	1,135,353	-	-
Intangible assets	9,062	9,259	-	-
Land use rights	58,380	59,173	-	-
Subsidiaries	-	-	342,623	342,623
Long-term prepayment	7,987	6,027	-	-
Deferred tax asset	24,430	24,430	-	-
Fixed deposits - pledged	76,739	76,739	-	-
Value-added tax recoverable	84,533	84,931	-	-
	1,358,958	1,395,912	342,623	342,623
Current assets				
Inventories	124,713	109,132	-	-
Trade and other receivables	1,082,311	954,950	46,325	46,996
Pledged deposits	129,705	120,840	-	-
Cash and bank balances	96,084	157,324	172	306
	1,432,813	1,342,246	46,497	47,302
Total assets	2,791,771	2,738,158	389,120	389,925
Equity				
Share capital	291,516	291,516	291,516	291,516
Treasury Shares	(1,575)	(1,575)	(1,575)	(1,575)
Reserves	656,512	693,338	63,392	64,426
Total equity attributable to equity holders of the Company	946,453	983,279	353,333	354,367
Non-controlling interests	(80,126)	(79,659)	-	-
Total equity	866,327	903,620	353,333	354,367
Non-current liabilities				
Interest bearing liabilities	214,032	228,631	-	-
Deferred tax liabilities	7,500	7,500	-	-
Total non-current liabilities	221,532	236,131	-	-
Current liabilities				
Trade and other payables	983,742	877,483	35,787	35,558
Interest-bearing liabilities	716,974	707,853	-	-
Current tax payable	3,196	13,071	-	-
Total current liabilities	1,703,912	1,598,407	35,787	35,558
Total equity and liabilities	2,791,771	2,738,158	389,120	389,925

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31 March 2018		As at 31 December 2017	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
716,974	-	707,853	-

Amount repayable after one year

As at 31 March 2018		As at 31 December 2017	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
214,032	-	228,631	-

Details of any collateral

The secured bank borrowings are secured by certain of the Group's leasehold buildings, plant and machinery, land use rights and trade receivables.

Unsecured bank loans are guaranteed by Mdm Hu Yan Ping, Mr and Mrs Sun Xiao, Jiangsu Yinyan Specialty Chemicals Co., Ltd group of companies, in which Mdm Hu Yan Ping and Mr Sun Xiao are deemed to have significant interest.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Q1 2018 RMB'000	Q1 2017 RMB'000
Operating activities		
Loss profit before income tax	(35,352)	(70)
Adjustments for:		
Interest expense	23,759	28,522
Interest income	(1,586)	(592)
Amortisation of intangible assets	197	98
Amortisation of land use rights	793	444
Depreciation of property, plant and equipment	34,474	32,233
Reversal of write down of inventories	-	(2,649)
Exchange differences	(479)	(22)
Operating profit before working capital changes	21,806	57,964
Changes in working capital:		
Inventories	(15,681)	(119,865)
Trade and other receivables	(128,923)	74,882
Trade and other payables	116,142	342,305
Cash generated (used in)/from operations	(6,556)	355,286
Income taxes paid	(11,337)	(6,260)
Cash flows (used in)/from operating activities	(17,893)	349,026
Investing activities		
Interest received	1,586	592
Purchase of property, plant and equipment and intangible assets	(6,831)	(88,712)
Cash flows used in investing activities	(5,245)	(88,120)
Financing activities		
Proceeds from interest-bearing liabilities	307,101	298,562
Repayments of interest-bearing liabilities	(312,579)	(336,161)
Interest paid	(23,759)	(28,522)
Deposits pledged	(8,865)	(152,166)
Cash flows used in financing activities	(38,102)	(218,287)
Net decrease)/increase in cash and cash equivalents	(61,240)	42,619
Cash and cash equivalents at beginning of the period	157,324	196,507
Cash and cash equivalents at end of the period	96,084	239,126

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Changes in Equity – The Group

	Share capital	Treasury shares	Merger reserve	Other reserves	Foreign currency translation reserve	Accumulated profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2018	291,516	(1,575)	(499)	305,600	(16,204)	404,441	983,279	(79,659)	903,620
Total comprehensive income for the period	-	-	-	-	(479)	(36,347)	(36,826)	(467)	(37,293)
At 31 March 2018	291,516	(1,575)	(499)	305,600	(16,683)	368,094	946,453	(80,126)	866,327
At 1 January 2017	291,516	(1,575)	(499)	305,600	(15,630)	424,763	1,004,175	(77,118)	927,057
Total comprehensive loss for the period	-	-	-	-	(22)	(3,676)	(3,698)	(47)	(3,745)
At 31 March 2017	291,516	(1,575)	(499)	305,600	(15,652)	421,087	1,000,477	(77,165)	923,312

Statement of Changes in Equity – The Company

	Share capital	Treasury Shares	Accumulated profits	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2018	291,516	(1,575)	64,426	354,367
Total comprehensive loss for the period	-	-	(1,034)	(1,034)
At 31 March 2018	291,516	(1,575)	63,392	353,333
At 1 January 2017	291,516	(1,575)	66,726	356,667
Total comprehensive loss for the period	-	-	(1,077)	(1,077)
At 31 March 2017	291,516	(1,575)	65,649	355,590

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the numbers of shares held as treasury shares, if any, against the number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

The Company did not buy back any shares in Q1 2018. Total number of ordinary shares bought back as at 31 March 2018 amounted to 1,650,000. These shares are held as treasury shares.

	As at 31 March 2018 (‘000)	As at 31 December 2017 (‘000)
Number of issued shares	533,65	533,651
Number of treasury shares	(1,6	(1,65
Number of issued shares excluding treasury shares	<u>532,00</u>	<u>532,001</u>

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	Company	
	As at 31 March 2018	As at 31 December 2017
Number of shares excluding treasury shares at the end of the period (‘000)	<u>532,001</u>	<u>532,001</u>

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There are no sales, transfers, disposal, cancellation and/or use of treasury shares as at end of 31 March 2018.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by our auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period and the previous financial year.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Please refer to Point 4 above.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group	
	Q1 2018	Q1 2017
Earnings per share (RMB cents):-		
Basic and diluted	<u>(6.8)</u>	<u>(0.7)</u>

	Group	
	Q1 2018	Q1 2017
	RMB'000	RMB'000
Basic earnings per share is based on:		
Net loss attributable to ordinary shareholders of the Company	<u>(36,347)</u>	<u>(3,676)</u>

	No. of shares	
	Q1 2018	Q1 2017
	('000)	('000)
Weighted average number of ordinary shares outstanding at beginning and end of the period	<u>532,001</u>	<u>532,001</u>

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

- (a) Current financial period reported on; and
(b) Immediately preceding financial year.

	Group		Company	
	As at 31 March 2018	As at 31 December 2017	As at 31 March 2018	As at 31 December 2017
Net assets attributable to the shareholders of the Company (RMB'000)	946,453	983,279	353,333	354,367
Net asset value per ordinary share (RMB cents)	177.9	184.8	66.4	66.6
Number of shares at the end of the period ('000)	532,001	532,001	532,001	532,001

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) Any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

Revenue

Total revenue in Q1 2018 increased by RMB88.3 million to RMB677.2 million as compared to RMB588.9 million Q1 2017. This was mainly due to increase in revenue from sales of AA and AE as well as other chemical products by RMB85.8 million and RMB2.5 million respectively.

The increase in revenue from AA and AE was mainly attributable to higher sale volume when compared to Q1 2017. This was partially offset by lower average selling prices in Q1 2018 when compared to Q1 2017.

Sale volume of AA and AE increased from 64,200 tonnes in Q1 2017 to 79,300 tonnes in Q1 2018. Average selling prices of AA and AE decreased from RMB8,500 in Q1 2017 to RMB7,400 per tonne in Q1 2018.

Gross profit

The Group incurred a gross profit of RMB27.4 million in Q1 2018 as compared to RMB82.6 million in Q1 2017. Sales of AA and AE as well as other chemical products contributed gross profit of RMB24.0 million and RMB3.4 million respectively.

Overall gross profit margin reduced from 14.0% in Q1 2017 to 4.0% in Q1 2018. This was mainly due to lower average selling prices for AA and AE and higher raw material costs in Q1 2018 when compared to Q1 2017.

Gross profit margins for AA and AE reduced from 16.5% for Q1 2017 to 4.4% in Q1 2018 whilst gross profit margin for other chemical products reduced from 4.8% in Q1 2017 to 2.6% in Q1 2018.

Other operating income

Other operating income in Q1 2018 increased by RMB2.3 million to RMB11.2 million as compared to RMB8.9 million in Q1 2017. This was mainly due to an increase in income from sale of steam and provision of waste water treatment services from RMB7.2 million in Q1 2017 to RMB8.1 million in Q1 2018.

Distribution expenses

Distribution expenses decreased by RMB10.5 million to RMB12.4 million in Q1 2018 as compared to RMB22.9 million in Q1 2017. Distribution expenses consisted of transportation charges and packaging costs as well as other sales related expenses. These expenses decreased mainly due to re-negotiation of freight rates with carriers resulting in lower distribution expenses.

Administrative expenses

In Q1 2018, administrative expenses decreased by RMB1.6 million to RMB30.6 million as compared to RMB32.2 million in Q1 2017. This was mainly due to the efforts from the Management to cut costs.

Other operating expenses

Other operating expenses decreased by RMB0.8 million in Q1 2018 to RMB7.2 million as compared to RMB8.0 million in Q1 2017. These expenses comprised of the following:-

	Q1 2018 RMB'000	Q1 2017 RMB'000
Costs relating to sale of steam and provision of waste water treatment services	6,086	5,934
Miscellaneous expenses	1,144	2,073
	7,230	8,007

Finance expenses

Finance expenses decreased by RMB4.8 million to RMB23.8 million in Q1 2018 as compared to RMB28.5 million in Q1 2017. This was mainly due to lower outstanding bank borrowings in Q1 2018 when compared to Q1 2017.

Income tax expense

Income tax expense decreased by RMB2.2 million to RMB1.5 million in Q1 2018 as compared to RMB3.7 million in Q1 2017. Income tax expense was incurred notwithstanding the Group was in a loss position mainly due to income tax paid on profit incurred in the joint venture entity.

8. (b) Any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Balance sheet

Property, plant and equipment decreased by RMB37.5 million to RMB1,097.8 million as at 31 March 2018 as compared to RMB1,135.4 million as at 31 December 2017. This was mainly due to depreciation charge for the period.

Inventories increased by RMB15.6 million to RMB124.7 million as at 31 March 2018 as compared to RMB109.1 million as at 31 December 2017. This was mainly due to an increase in raw material, propylene, to cater for our production plan for the month of April 2018 in the joint venture entity.

Breakdown of trade and other receivables is as follows:-

	As at 31 March 2018 RMB'000	As at 31 December 2017 RMB'000
Trade receivables:		
- 3 rd parties	147,257	121,338
- Related parties	627,368	486,177
Receivable from joint venture entity	105,913	119,683
Notes receivables	101,137	102,139
Value added tax recoverable	52,825	50,986
Prepayments and deposits	35,677	40,657
Other receivables	12,134	33,970
	1,082,311	954,950

Trade and other receivables increased by RMB127.4 million to RMB1,082.3 million as at 31 March 2018 as compared to RMB955.0 million as at 31 December 2017. This was mainly due to (i) increase in 3rd parties trade receivables by RMB25.9 million as a result of higher revenue in Q1 2018; and (ii) increase in trade receivables due from related parties by RMB141.2 million.

Breakdown of the trade receivables from related parties of approximately RMB627.4 million is as follows:-

	RMB'000
Jiangsu Yinyan	97,015
Taixing Jinyan	389,526
Yumeng Wuzi	17,000
Arkema group of companies	123,827
	627,368

The ageing of the trade receivables from related parties as at 31 March 2018 is as follows:-

	RMB'000
Current	349,639
Past due from 1 to 90 days	65,671
Past due from 91 to 180 days	114,960
Past due for more than 180 days	97,098
	627,368

Jiangsu Yinyan and Taixing Jinyan are taking longer than expected to pay due to credit tightening from their bankers and the expansion of production plants by these companies; thereby resulting in tight cash flows in these companies.

The Company's Management continues to monitor the repayments from these related parties and their cash flow situation closely to minimise our Group's credit exposure.

Pledged deposits increased by RMB8.9 million to RMB129.7 million as at 31 March 2018 compared to RMB120.8 million as at 31 December 2017.

Total non-current and current interest-bearing liabilities decreased by RMB5.5 million to RMB931.0 million as at 31 March 2018 as compared to RMB936.5 million as at 31 December 2017. This was mainly due to repayments made in Q12018.

Breakdown of trade and other payables is as follows:-

	As at 31 March 2018 RMB'000	As at 31 December 2017 RMB'000
Trade payables:		
- 3rd parties	354,528	321,195
- Related parties	104,423	58,288
Payable to the joint venture entity	194,630	118,698
Notes payables	228,444	282,578
Accrued operating expenses	36,095	36,903
Other payables	65,622	59,821
	983,742	877,483

Trade and other payables increased by RMB106.3 million to RMB983.7 million as at 31 March 2018 as compared to RMB877.5 million as at 31 December 2017. This was mainly due to increase in trade payables to related parties and the joint venture entity by RMB46.1 million and RMB75.9 million respectively.

Cash Flow Statement

Our Group generated negative operating cash flow of RMB17.9 million in Q1 2018 mainly due to loss before income tax, income tax paid and increase in inventories as well as trade and other receivables. These were partially offset by depreciation charge for the period, interest expense and an increase in trade and other payables.

Financing activities resulted in negative cash flow of RMB38.1 million in Q1 2018 mainly due to repayment of interest-bearing liabilities, interest paid and an increase in pledged deposits. These were partially offset by proceeds from interest-bearing liabilities.

There was a net cash outflow of RMB5.2 million in Q1 2018 from the Group's investing activities mainly due to acquisitions of property, plant and equipment.

As a result of the above, cash and cash equivalents decreased from RMB157.3 million as at 31 December 2017 to RMB96.1 million as at 31 March 2018.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

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10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The operating environment of AA industry remains challenging due to several factors, which include the current oversupply situation in PRC, rising raw material costs and volatile selling prices of AA and AE. We continue to be cautious on the Group's overall performance in the next 12 months.

In response to a media exposure about pollution by chemical producers in the region, the local government of Yancheng city, in which our Xiangshui plant is located, has ordered a shutdown of all chemical producers to evaluate the compliance of environment regulations of each of these producers. Our Xiangshui plant, which has an annual AA capacity of 205,000 tonnes, has been ordered to shut down to comply with the directive.

The Management is working with the local government to re-commence the production to minimize the impact of the shutdown to the Group's FY2018 results.

11. Dividend

(a) Current Financial Period Reported On

No dividend has been declared or recommended.

(b) Corresponding Period of the Immediately Preceding Financial Year

No dividend has been declared or recommended in Q1 2017.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect.

No dividend has been declared or recommended.

13. Interested Person Transactions

Pursuant to Rule 920(1)(a)(ii) of the Listing Manual, the Group discloses the aggregate value of interested person transactions as follows:

Name of Interested Person	Aggregate value of all interested person transactions during financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) ⁽¹⁾	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Yixing Danson Technology Co., Ltd ("Yixing Danson")	Corporate guarantees in favour of Yixing Danson - RMB473,000,000 Sale of crude AA to Yixing Danson - RMB60,756,000 Purchase of residual crude AA and finished goods from Yixing Danson - RMB16,194,000	-
Taixing Jinyan Chemical Technology Co., Ltd ("Taixing Jinyan")	Corporate guarantees in favour of Taixing Jinyan - RMB715,000,000 Supply of chemical raw materials to Taixing Jinyan - RMB88,919,000 Purchase of chemical products from Taixing Jinyan - RMB4,753,000	-
Taixing Jinyan Cangchu Co., Ltd. ("Taixing Cangchu")	Corporate guarantees in favour of Taixing Cangchu - RMB260,000,000	-
Jiangsu Yinyan Specialty Chemical Co., Ltd ("Jiangsu Yinyan")	Sales of chemical products to Jiangsu Yinyan - RMB21,609,000 Purchase of chemical products from Jiangsu Yinyan - RMB3,762,000	-

Name of Interested Person	Aggregate value of all interested person transactions during financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) ⁽¹⁾	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Jiangsu Jurong Petrochemicals Co., Ltd ("Jiangsu Jurong")	Sales of chemical products to Jiangsu Jurong - RMB1,821,000	-

Note:

- (1) The Company is in the process of preparing a circular to seek shareholders' ratification for past interested person transactions, and a shareholders' mandate for any on-going interested person transactions.

The IPTs relate primarily to cross guarantees relating to working capital and as such is continuing in nature, and susceptible to changes in view of the fluid nature of the Group's business requirements. Accordingly, the Audit Committee has engaged and is working closely with the Management to discuss and finalise the list of IPTs and their respective values historically and on an on-going basis in order to provide sufficient details to shareholders so that the shareholders can make an informed decision during the EGM to be convened in due course to approve the IPTs.

- (2) As at 31 March 2018, the aggregate amount of the corporate guarantees that the Group provided to Yixing Danson, Taixing Jinyan and Taixing Cangchu was approximately RMB1,448,000,000 (2017: RMB1,454,000,000), whilst the aggregate amount of corporate guarantees that these same entities provided to the Group was approximately RMB917,400,000 (2017: RMB932,400,000).

The relevant details on all IPT (excluding transactions less than S\$100,000, transactions conducted under shareholders mandate pursuant to Rule 920 and corporate guarantees) during the financial period under review as required under Rule 917 of the Listing Manual are as follows:

Interested Person	Nature of Interested Person Transaction ("IPT")	Value of IPT for the period as at 31 March 2018	Terms of IPT	Rationale for IPT
Yixing Danson Technology Co., Ltd ("Yixing Danson")	Sale of crude AA	RMB60.8 million	Normal commercial terms	Sales of the Group's end products to downstream customer
	Purchase of residual crude AA and finished goods	RMB16.2 million	Normal commercial terms	Purchase residual crude AA to recycle and reprocess to the Group's end products as well as purchase finished goods to on-sell to the Group's customers
Taixing Jinyan Chemical Technology Co., Ltd ("Taixing Jinyan")	Supply of chemical raw materials	RMB88.9million	Normal commercial terms	Centralised purchasing to achieve economic of scale and hence savings in material cost, trade terms and logistic
	Purchase of chemical products	RMB4.8 million	Normal commercial terms	On-sell to the Group's customers for products not produced by the Group
Jiangsu Jurong Petrochemicals Co., Ltd ("Jiangsu Jurong")	Sales of chemical products	RMB1.8 million	Normal commercial terms	Sales of the Group's end products to downstream customer
Jiangsu Yinyan Specialty Chemical Co., Ltd ("Jiangsu Yinyan")	Sales of chemical products	RMB21.6 million	Normal commercial terms	Sales of the Group's end products to distributor
	Purchase of chemical products	RMB3.8 million	Normal commercial terms	On-sell to the Group's customers for products not produced by the Group

14. The Directors of the Company do hereby confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the first quarter financial statements ended 31 March 2018 to be false or misleading in any material aspect.
15. The Company confirms that all the required undertakings under Rule 720(1) of the Listing Manual have been obtained from its Directors and Executive Officers in the format set out in Appendix 7.7.

BY ORDER OF THE BOARD

Sun Xiao
Executive Director and Chief Executive Officer
15 May 2018