

SUNVIC CHEMICAL HOLDINGS LIMITED
(Registration Number: 200406502E)

Financial Statement and Dividend Announcement for the Second Quarter and Half Year Ended 30 June 2018

INFORMATION REQUIRED FOR ANNOUNCEMENT OF SECOND QUARTER AND HALF YEAR 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.

Statement of Comprehensive Income

	Q2 2018	Q2 2017	+/(-) %	1H 2018	1H 2017	+/(-) %
	RMB'000	RMB'000		RMB'000	RMB'000	
Revenue	623,255	555,132	12.3	1,300,498	1,144,053	13.7
Cost of sales	(592,512)	(486,573)	21.8	(1,242,376)	(992,859)	25.1
Gross profit	30,743	68,559	(55.2)	58,122	151,194	(61.6)
Other operating income	106,160	10,241	936.6	117,408	19,158	512.8
Distribution expenses	(13,608)	(19,983)	(31.9)	(25,964)	(42,878)	(39.4)
Administrative expenses	(41,988)	(30,620)	37.1	(72,622)	(62,818)	15.6
Other operating expenses	(104,498)	(6,500)	NM	(111,728)	(14,507)	670.2
Results from operating activities	(23,191)	21,697	(206.9)	(34,784)	50,149	(169.4)
Finance expenses	(21,084)	(17,966)	17.4	(44,843)	(46,488)	(3.5)
(Loss)/profit before income tax	(44,275)	3,731	NM	(79,627)	3,661	NM
Income tax expense	(6,181)	(3,359)	84.0	(7,643)	(7,012)	9.0
(Loss)/profit for the period	(50,456)	372	NM	(87,270)	(3,351)	NM
Other comprehensive income						
Translation differences relating to financial statements of subsidiaries with functional currencies other than RMB	737	(209)	(452.6)	258	(230)	(212.2)
Total comprehensive (loss)/income for the period	(49,719)	163	NM	(87,012)	(3,581)	NM
Attributable to:						
Owners of the Company	(49,332)	(33)	NM	(86,158)	(3,730)	NM
Nom-controlling interests	(387)	196	(297.4)	(854)	149	(673.2)
Total comprehensive (loss)/income for the period	(49,719)	163	NM	(87,012)	(3,581)	NM

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

	Q2 2018	Q2 2017	+/(-)	1H 2018	1H 2017	+/(-)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Interest income	(1,815)	(1,578)	15.0	(3,401)	(2,170)	56.7
Reversal of write down of inventories	-	-		-	(2,588)	(100.0)
Exchange loss/(gain), net	13,412	(894)	NM	8,888	774	NM
Depreciation of property, plant and equipment	34,966	32,079	9.0	69,440	64,312	8.0
Amortisation of intangible assets	204	182	12.1	401	280	43.2
Amortisation of lease prepayments	1,196	362	230.4	1,989	806	146.8
Interest paid and payable	21,084	17,966	17.4	44,843	46,488	(3.5)

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 30 June 2018	As at 31 December 2017	As at 30 June 2018	As at 31 December 2017
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	1,071,659	1,135,353	40	-
Intangible assets	10,300	9,259	-	-
Land use rights	57,184	59,173	-	-
Subsidiaries	-	-	342,623	342,623
Long-term prepayment	7,912	6,027	-	-
Deferred tax asset	24,430	24,430	-	-
Fixed deposits - pledged	76,739	76,739	-	-
Value-added tax recoverable	83,989	84,931	-	-
	<u>1,332,213</u>	<u>1,395,912</u>	<u>342,663</u>	<u>342,623</u>
Current assets				
Inventories	76,851	109,132	-	-
Trade and other receivables	1,259,517	954,950	49,634	46,996
Pledged deposits	179,143	120,840	-	-
Cash and bank balances	59,217	157,324	316	306
	<u>1,574,728</u>	<u>1,342,246</u>	<u>49,950</u>	<u>47,302</u>
Total assets	<u>2,906,941</u>	<u>2,738,158</u>	<u>392,613</u>	<u>389,925</u>
Equity				
Share capital	291,516	291,516	291,516	291,516
Treasury Shares	(1,575)	(1,575)	(1,575)	(1,575)
Reserves	607,180	693,338	64,915	64,426
Total equity attributable to equity holders of the Company	<u>897,121</u>	<u>983,279</u>	<u>354,856</u>	<u>354,367</u>
Non-controlling interests	<u>(80,513)</u>	<u>(79,659)</u>	<u>-</u>	<u>-</u>
Total equity	<u>816,608</u>	<u>903,620</u>	<u>354,856</u>	<u>354,367</u>
Non-current liabilities				
Interest bearing liabilities	214,032	228,631	-	-
Deferred tax liabilities	7,500	7,500	-	-
Total non-current liabilities	<u>221,532</u>	<u>236,131</u>	<u>-</u>	<u>-</u>
Current liabilities				
Trade and other payables	1,414,623	877,483	37,757	35,558
Interest-bearing liabilities	451,018	707,853	-	-
Current tax payable	3,160	13,071	-	-
Total current liabilities	<u>1,868,801</u>	<u>1,598,407</u>	<u>37,757</u>	<u>35,558</u>
Total equity and liabilities	<u>2,906,941</u>	<u>2,738,158</u>	<u>392,613</u>	<u>389,925</u>

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

Amount repayable in one year or less, or on demand

As at 30 June 2018		As at 31 December 2017	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
451,018	-	707,853	-

Amount repayable after one year

As at 30 June 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.

	Q2 2018 RMB'000	Q2 2017 RMB'000	1H 2018 RMB'000	1H 2017 RMB'000
Operating activities				
(Loss)/profit before income tax	(44,275)	3,731	(79,627)	3,661
Adjustments for:				
Interest expense	21,084	17,966	44,843	46,488
Interest income	(1,815)	(1,578)	(3,401)	(2,170)
Amortisation of intangible assets	204	182	401	280
Amortisation of lease prepayments	1,196	362	1,989	806
Depreciation of property, plant and equipment	34,966	32,079	69,440	64,312
Reversal of write down of inventories	-	-	-	(2,588)
Exchange difference	737	(208)	258	(230)
Operating profit before working capital changes	12,097	52,534	33,903	110,559
Changes in working capital:				
Inventories	47,862	32,878	32,281	(86,987)
Trade and other receivables	(176,586)	(183,883)	(305,509)	(109,062)
Trade and other payables	429,881	(39,654)	546,023	302,651
Cash generated/(used in) from operations	313,254	(138,125)	306,698	217,161
Income taxes paid	(6,218)	(2,528)	(17,555)	(8,788)
Cash flows from operating activities	307,036	(140,653)	289,143	208,373
Investing activities				
Interest received	1,815	1,578	3,401	2,170
Purchase of property, plant & equipment and intangible assets	(9,240)	(11,357)	(16,071)	(100,069)
Cash flows from investing activities	(7,425)	(9,779)	(12,670)	(97,899)
Financing activities				
Proceeds from bank loans	111,518	485,676	418,619	784,238
Repayments of bank loans	(377,474)	(559,866)	(690,053)	(896,027)
Interest paid	(21,084)	(17,966)	(44,843)	(46,488)
Deposits pledged	(49,438)	133,683	(58,303)	(18,483)
Cash flows from financing activities	(336,478)	41,527	(374,580)	(176,760)
Net decrease in cash and cash equivalents	(36,867)	(108,905)	(98,107)	(66,286)
Cash and cash equivalents at beginning of the period	96,084	239,126	157,324	196,507
Cash and cash equivalents at end of the period	59,217	130,221	59,217	130,221

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 RMB'000	Treasury shares RMB'000	Merger reserve RMB'000	Capital reserve RMB'000	Foreign currency translation reserve RMB'000	Accumulated profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity 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 loss for the period	-	-	-	-	258	(86,416)	(86,158)	(854)	(87,012)
At 30 June 2018	291,516	(1,575)	(499)	305,600	(15,946)	318,025	897,121	(80,513)	816,608
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	-	-	-	-	(230)	(3,500)	(3,730)	149	(3,581)
At 30 June 2017	291,516	(1,575)	(499)	305,600	(15,860)	421,263	1,000,445	(76,969)	923,476

Statement of Changes in Equity – The Company

	Share capital RMB'000	Treasury Shares RMB'000	Accumulated profits RMB'000	Total equity RMB'000
At 1 January 2018	291,516	(1,575)	64,426	354,367
Total comprehensive loss for the period	-	-	489	489
At 30 June 2018	291,516	(1,575)	64,915	354,856
At 1 January 2017	291,516	(1,575)	66,726	356,667
Total comprehensive income for the period	-	-	(1,422)	(1,422)
At 30 June 2017	291,516	(1,575)	65,304	355,245

- 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 1H 2018. Total number of ordinary shares bought back as at 30 June 2018 amounted to 1,650,000. These shares are held as treasury shares.

	As at 30 June 2018 (‘000)	As at 31 December 2017 (‘000)
Number of issued shares	533,651	533,651
Number of treasury shares	(1,650)	(1,650)
Number of issued shares excluding treasury shares	<u>532,001</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.**

	As at 30 June 2018 (‘000)	As at 31 December 2017 (‘000)
Number of issued shares excluding treasury shares	<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 30 June 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.**

	Q2 2018	Q2 2017	1H 2018	1H 2017
Earnings per share (RMB cents):-				
Basic and diluted	<u>(9.4)</u>	<u>(0.1)</u>	<u>(16.2)</u>	<u>(0.7)</u>

	Q2 2018 RMB'000	Q2 2017 RMB'000	1H 2018 RMB'000	1H 2017 RMB'000
Basic earnings per share is based on:				
Net loss attributable to ordinary shareholders	<u>(50,069)</u>	<u>(242)</u>	<u>(86,416)</u>	<u>(3,500)</u>

	Number of shares			
	Q2 2018 ('000)	Q2 2017 ('000)	1H 2018 ('000)	1H 2017 ('000)
Weighted average number of ordinary shares outstanding at beginning and end of the period	<u>532,001</u>	<u>532,001</u>	<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 30 June 2018	As at 31 December 2017	As at 30 June 2018	As at 31 December 2017
Net assets attributable to the shareholders of the Company (RMB'000)	897,121	983,279	354,856	354,367
Net asset value per ordinary share (RMB cents)	168.6	184.8	66.7	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

Our revenue in Q2 2018 increased by RMB68.1 million to RMB623.3 million as compared to RMB555.1 million in Q2 2017. This was mainly due to an increase in revenue from sale of AA and AE by RMB139.9 million which was partially offset by a decrease in revenue from sale of other chemical products by RMB71.8 million.

The increase in revenue from AA and AE was mainly attributable to higher average selling prices in Q2 2018 of RMB7,900 per tonne as compared to Q2 2017 of RMB7,100 per tonne. The sale volume for AA and AE also increased from 65,200 tonnes in Q2 2017 to 71,500 tonnes in Q2 2018.

Gross profit

The Group incurred a gross profit of RMB30.7 million in Q2 2018 as compared to RMB68.6 million in Q2 2017. Sales of AA and AE as well as other chemical products contributed gross profit of RMB29.8 million and RMB0.9 million respectively.

Overall gross profit margin decreased from 12.4% in Q2 2017 to 4.9% in Q2 2018. This was mainly due to an increase in raw material cost as compared to Q2 2017.

Other operating income

Other operating income comprised the following items:-

	Q2 2018 RMB'000	Q2 2017 RMB'000
Income relating to sale of steam and provision of waste water treatment services	8,516	7,229
Sale of catalyst to Taixing Jinyan	94,745	-
Miscellaneous income	2,899	3,012
	<u>106,160</u>	<u>10,241</u>

The Group purchased catalyst and on-sell to Taixing Jinyan in Q2 2018.

Distribution expenses

Distribution expenses decreased by RMB6.4 million to RMB13.6 million in Q2 2018 as compared to RMB20.0 million in Q2 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

Administrative expenses increased by RMB11.4 million to RMB42.0 million in Q2 2018 as compared to RMB30.6 million in Q2 2017. This was mainly due to a net exchange loss of RMB13.4 million in Q2 2018 as compared to a net gain of RMB0.9 million in Q2 2017. The exchange loss was incurred due to depreciation of RMB against USD as most of our raw materials were imported.

Other operating expenses

Other operating expenses comprised the following items:-

	Q2 2018 RMB'000	Q2 2017 RMB'000
Costs relating to sale of steam and provision of waste water treatment services	6,143	5,934
Cost of catalyst	94,473	-
Miscellaneous expenses	3,882	566
	<u>104,498</u>	<u>6,500</u>

The Group purchased catalyst and on-sell to Taixing Jinyan in Q2 2018.

Finance expenses

Finance expenses increased by RMB3.1 million to RMB21.1 million in Q2 2018 as compared to RMB18.0 million in Q2 2017. This was mainly due to higher factoring interest incurred on notes receivables in Q2 2018.

Income tax expense

Income tax expense increased by RMB2.8 million to RMB6.2 million in Q2 2018 as compared to RMB3.4 million in Q2 2017. Income tax was paid on profit incurred by 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 RMB63.7 million to RMB1,071.7 million as at 30 June 2018 as compared to RMB1,135.4 million as at 31 December 2017. This was mainly due to depreciation charge for the period.

Inventories decreased by RMB32.3 million to RMB76.9 million as at 30 June 2018 as compared to RMB109.1 million as at 31 December 2017. The prices of raw materials have been on an upward trend, and therefore the Management is taking a more cautious effort to only purchase raw materials which resulted in lower raw material carried on site.

Breakdown of trade and other receivables is as follows:-

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Trade receivables:		
- 3 rd parties	229,097	121,338
- Related parties	745,013	486,177
Receivable from joint venture entity	91,655	119,683
Notes receivables	79,904	102,139
Value added tax recoverable	48,131	50,986
Prepayments and deposits	52,752	40,657
Other receivables	13,019	33,970
	1,259,571	954,950

Trade and other receivables increased by RMB304.6 million to RMB1,259.5 million as at 30 June 2018 as compared to RMB955.0 million as at 31 December 2017. This was mainly due to increase in trade receivables from 3rd parties and related parties by RMB107.8 million and RMB258.8 million respectively.

Breakdown of the trade receivables from related parties of approximately RMB745.0 million is as follows:-

	RMB'000
Jiangsu Yinyan	114,391
Taixing Jinyan	503,396
Yixing Danson	9,795
Arkema group of companies	117,431
	745,013

The ageing of the trade receivables from related parties as at 30 June 2018 is as follows:-

	RMB'000
Current	372,421
Past due from 1 to 90 days	126,160
Past due from 91 to 180 days	65,512
Past due for more than 180 days	180,920
	745,013

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 Audit Committee has directed the Company's Management to expedite the collections from these related parties to minimise our Group's credit exposure.

Pledged deposits increased by RMB58.3 million to RMB179.1 million as at 30 June 2018 as compared to RMB120.8 million as at 31 December 2017.

Breakdown of trade and other payables is as follows:-

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Trade payables:		
- 3rd parties	471,826	321,195
- Related parties	184,874	58,288
Payable to the joint venture entity	200,802	118,698
Notes payables	407,582	282,578
Accrued operating expenses	40,091	36,903
Other payables	109,448	59,821
	1,414,623	877,483

Trade and other payables increased by RMB537.1 million to RMB1,414.6 million as at 31 June 2018 as compared to RMB877.5 million as at 31 December 2017. This was mainly due to increase in trade payables to third parties, related parties and the joint venture entity as well as an increase in notes payables.

Total non-current and current interest-bearing liabilities decreased by RMB271.4 million to RMB665.1 million as at 30 June 2018 compared to RMB936.5 million as at 31 December 2017. This was mainly due to repayments made in 1H 2018.

Cash Flow Statement

Our Group generated positive operating cash flow of RMB307.0 million in Q2 2018 after adjusting for interest expense, depreciation charge, a decrease in inventories and an increase in trade and other payables. These were partially offset by loss incurred and income tax paid for the period as well as an increase in trade and other receivables.

Financing activities resulted in a negative cash flow of RMB336.5 million in Q2 2018 mainly due to an increase in pledged deposits and repayments of interest-bearing liabilities and interest paid. These were partially offset by proceeds from interest-bearing liabilities.

There was a net cash outflow of RMB7.4 million in Q2 2018 from the Group's investing activities mainly due to acquisitions of property, plant and equipment by the joint venture entity.

As a result of the above, cash and cash equivalents decreased from RMB157.3 million as at 31 December 2017 to RMB59.2 million as at 30 June 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.

As mentioned in our Q1 2018 results announcement, our Xiangshui plant remains shutdown under the directive from the local government and the Management is still working with the local government to re-commence the production to minimise 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 Q2 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 - RMB112,173,000 Purchase of residual crude AA and finished goods from Yixing Danson - RMB19,469,000	-
Taixing Jinyan Chemical Technology Co., Ltd (" Taixing Jinyan ")	Corporate guarantees in favour of Taixing Jinyan - RMB557,540,000 Supply of chemical raw materials to Taixing Jinyan - RMB94,863,000 Purchase of chemical products from Taixing Jinyan - RMB9,320,000 Sale of catalyst to Taixing Jinyan - RMB94,745,000	-
Taixing Jinyan Cangchu Co., Ltd. (" Taixing Cangchu ")	Corporate guarantees in favour of Taixing Cangchu - RMB245,500,000	-

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 Yinyan Specialty Chemical Co., Ltd ("Jiangsu Yinyan")	Sales of chemical products to Jiangsu Yinyan - RMB53,372,000 Purchase of chemical products from Jiangsu Yinyan - RMB9,349,000	-
Jiangsu Jurong Petrochemicals Co., Ltd ("Jiangsu Jurong")	Sales of chemical products to Jiangsu Jurong - RMB1,821,000	-

Note:

- (1) The Company is engaging with the controlling shareholders to find a solution to rectify these IPTs

The Audit Committee is working with the Management to discuss and disclose 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.

- (2) As at 30 June 2018, the aggregate amount of the corporate guarantees that the Group provided to Yixing Danson, Taixing Jinyan and Taixing Cangchu was approximately RMB1,276,040,000 (2017: RMB1,454,000,000), whilst the aggregate amount of corporate guarantees that these same entities provided to the Group was approximately RMB627,390,000 (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	RMB112.2 million	Normal commercial terms	Sales of the Group's end products to downstream customer
	Purchase of residual crude AA and finished goods	RMB19.5 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	RMB94.9million	Normal commercial terms	Centralised purchasing to achieve economic of scale and hence savings in material cost, trade terms and logistic
	Purchase of chemical products	RMB9.3 million	Normal commercial terms	On-sell to the Group's customers for products not produced by the Group
	Sale of catalyst	RMB94.7 million	Normal commercial terms	Centralised purchasing to achieve economic of scale and hence savings in material cost, trade terms and logistic
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	RMB53.4 million	Normal commercial terms	Sales of the Group's end products to distributor
	Purchase of chemical products	RMB9.3 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 30 June 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
14 August 2018