

**SUNVIC CHEMICAL HOLDINGS LIMITED**  
(Registration Number: 200406502E)

**Financial Statement and Dividend Announcement for the Second Quarter and Half Year Ended 30 June 2016**

**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**

	<b>Q2 2016</b>	<b>Q2 2015</b>	<b>+/(-) %</b>	<b>1H 2016</b>	<b>1H 2015</b>	<b>+/(-) %</b>
	<b>RMB'000</b>	<b>RMB'000</b>		<b>RMB'000</b>	<b>RMB'000</b>	
Revenue	515,578	690,122	(25.3)	937,876	1,267,650	(26.0)
Cost of sales	(501,691)	(725,136)	(30.8)	(925,416)	(1,308,404)	(29.3)
<b>Gross profit/(loss)</b>	<b>13,887</b>	<b>(35,014)</b>	<b>139.7</b>	<b>12,460</b>	<b>(40,754)</b>	<b>130.6</b>
Other operating income	110,662	324,464	(65.9)	127,326	442,788	(71.2)
Distribution expenses	(10,784)	(24,034)	(55.1)	(23,014)	(43,507)	(47.1)
Administrative expenses	(51,174)	(33,232)	54.0	(79,917)	(89,669)	(10.9)
Other operating expenses	(9,734)	(187,155)	(94.8)	(20,865)	(295,762)	(92.9)
<b>Results from operating activities</b>	<b>52,857</b>	<b>45,029</b>	<b>17.4</b>	<b>15,990</b>	<b>(26,904)</b>	<b>159.4</b>
Finance expenses	(21,798)	(27,629)	(21.1)	(43,765)	(53,389)	(18.0)
<b>Profit/(loss) before income tax</b>	<b>31,059</b>	<b>17,400</b>	<b>78.5</b>	<b>(27,775)</b>	<b>(80,293)</b>	<b>(65.4)</b>
Income tax expense	(565)	(1,125)	(49.8)	(2,866)	(1,845)	55.3
<b>Profit/(loss) for the period</b>	<b>30,494</b>	<b>16,275</b>	<b>87.4</b>	<b>(30,641)</b>	<b>(82,138)</b>	<b>(62.7)</b>
<b>Other comprehensive income</b>						
Translation differences relating to financial statements of subsidiaries with functional currencies other than RMB	293	(135)	317.0	234	(25)	1036.0
<b>Total comprehensive income/(loss) for the period</b>	<b>30,787</b>	<b>16,140</b>	<b>90.8</b>	<b>(30,407)</b>	<b>(82,163)</b>	<b>(63.0)</b>
<b>Attributable to:</b>						
Owners of the Company	30,766	16,816	83.0	(30,096)	(78,990)	(61.9)
Non-controlling interests	21	(676)	103.1	(311)	(3,173)	(90.2)
<b>Total comprehensive income/(loss) for the period</b>	<b>30,787</b>	<b>16,140</b>	<b>90.8</b>	<b>(30,407)</b>	<b>(82,163)</b>	<b>(63.0)</b>

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

	<b>Q2 2016</b>	<b>Q2 2015</b>	<b>+/(-) %</b>	<b>1H 2016</b>	<b>1H 2015</b>	<b>+/(-) %</b>
	<b>RMB'000</b>	<b>RMB'000</b>		<b>RMB'000</b>	<b>RMB'000</b>	
Interest income	(458)	(22,022)	(97.9)	(1,338)	(24,701)	(94.6)
Tax incentive	-	(90,000)	(100.0)	-	(90,000)	(100.0)
Gain on partial disposal of subsidiary	100,000	-	100.0	100,000	-	100.0
Reversal of write down of inventories	-	-		(15,601)	(35,575)	(56.1)
Exchange (gain)/loss, net	6,908	(1,149)	(701.2)	6,742	8,418	(19.9)
Depreciation of property, plant and equipment	45,301	60,670	(25.3)	85,331	133,176	(35.9)
Amortisation of intangible assets	56	294	(81.0)	455	798	(43.0)
Amortisation of lease prepayments	391	1,618	(75.8)	526	1,945	(73.0)
Interest paid and payable	21,798	27,629	(21.1)	43,765	53,389	(18.0)

**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.**

	<b>Group</b>		<b>Company</b>	
	<b>As at 30 June 2016</b>	<b>As at 31 December 2015</b>	<b>As at 30 June 2016</b>	<b>As at 31 December 2015</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Non-current assets</b>				
Property, plant and equipment	1,410,887	1,483,808	-	-
Intangible assets	9,891	10,346	-	-
Land use rights	49,622	50,148	-	-
Subsidiaries	-	-	342,623	342,623
Deposits paid for property, plant and equipment and land use rights	-	5,522	-	-
Deferred tax asset	24,430	24,430	-	-
	<u>1,494,830</u>	<u>1,574,254</u>	<u>342,623</u>	<u>342,623</u>
<b>Current assets</b>				
Inventories	131,157	133,286	-	-
Non-current assets held for sale	11,980	11,731	-	-
Trade and other receivables	1,615,429	1,664,757	41,390	38,652
Pledged deposits	196,524	183,933	-	-
Cash and bank balances	106,640	173,553	1,625	1,314
	<u>2,061,730</u>	<u>2,167,260</u>	<u>43,015</u>	<u>39,966</u>
<b>Total assets</b>	<u>3,556,560</u>	<u>3,741,514</u>	<u>385,638</u>	<u>382,589</u>
<b>Equity</b>				
Share capital	291,516	291,516	291,516	291,516
Reserves	1,023,703	1,053,799	65,364	66,573
<b>Total equity attributable to equity holders of the Company</b>	<u>1,315,219</u>	<u>1,345,315</u>	<u>356,880</u>	<u>358,089</u>
<b>Non-controlling interests</b>	<u>(54,113)</u>	<u>(53,802)</u>	<u>-</u>	<u>-</u>
<b>Total equity</b>	<u>1,261,106</u>	<u>1,291,513</u>	<u>356,880</u>	<u>358,089</u>
<b>Non-current liabilities</b>				
Interest bearing liabilities	122,500	140,000	-	-
Deferred tax liabilities	7,500	7,500	-	-
<b>Total non-current liabilities</b>	<u>130,000</u>	<u>147,500</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>				
Trade and other payables	942,962	1,024,500	28,758	24,500
Interest-bearing liabilities	1,219,500	1,271,968	-	-
Current tax payable	2,992	6,033	-	-
<b>Total current liabilities</b>	<u>2,165,454</u>	<u>2,302,501</u>	<u>28,758</u>	<u>24,500</u>
<b>Total equity and liabilities</b>	<u>3,556,560</u>	<u>3,741,514</u>	<u>385,638</u>	<u>382,589</u>

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

**Amount repayable in one year or less, or on demand**

<b>As at 30 June 2016</b>		<b>As at 31 December 2015</b>	
<b>Secured RMB'000</b>	<b>Unsecured RMB'000</b>	<b>Secured RMB'000</b>	<b>Unsecured RMB'000</b>
554,000	665,500	651,968	620,000

**Amount repayable after one year**

<b>As at 30 June 2016</b>		<b>As at 31 December 2015</b>	
<b>Secured RMB'000</b>	<b>Unsecured RMB'000</b>	<b>Secured RMB'000</b>	<b>Unsecured RMB'000</b>
125,500	-	140,000	-

**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.**

	<b>Q2 2016</b>	<b>Q2 2015</b>	<b>1H 2016</b>	<b>1H 2015</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Operating activities</b>				
Profit/(loss) before income tax	31,059	17,400	(27,775)	(80,293)
Adjustments for:				
Interest expense	21,798	27,629	43,765	53,389
Interest income	(458)	(22,022)	(1,338)	(24,701)
Amortisation of intangible assets	56	294	455	798
Amortisation of lease prepayments	391	1,618	526	1,945
Depreciation of property, plant and equipment	45,301	60,670	85,331	133,176
Reversal of write down of inventories	-	-	(15,601)	(35,575)
Exchange difference	293	(135)	234	(25)
Operating profit before working capital changes	98,440	85,454	85,597	48,714
Changes in working capital:				
Inventories	20,752	185,859	17,730	(34,264)
Trade and other receivables	(142,983)	(403,161)	49,328	(954,286)
Trade and other payables	42,340	(44,046)	(43,172)	480,722
Cash generated from operations	18,549	(175,894)	109,483	(459,114)
Income taxes refunded/(paid)	1,546	3,207	(5,907)	(16,388)
<b>Cash flows from operating activities</b>	<b>20,095</b>	<b>(172,687)</b>	<b>103,576</b>	<b>(475,502)</b>
<b>Investing activities</b>				
Interest received	458	22,022	1,338	24,701
Purchase of property, plant & equipment and land use rights	-	(48,937)	(45,503)	(61,684)
<b>Cash flows from investing activities</b>	<b>458</b>	<b>(26,915)</b>	<b>(44,165)</b>	<b>(36,983)</b>
<b>Financing activities</b>				
Proceeds from bank loans	594,600	799,965	1,220,781	1,863,409
Repayments of bank loans	(554,481)	(539,215)	(1,290,749)	(1,547,924)
Interest paid	(21,798)	(27,629)	(43,765)	(53,389)
Deposits pledged	(66,811)	(24,844)	(12,591)	(38,021)
<b>Cash flows from financing activities</b>	<b>(48,490)</b>	<b>208,277</b>	<b>(126,324)</b>	<b>224,075</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(27,937)</b>	<b>8,675</b>	<b>(66,913)</b>	<b>(288,410)</b>
Cash and cash equivalents at beginning of the period	134,577	189,796	173,553	486,881
<b>Cash and cash equivalents at end of the period</b>	<b>106,640</b>	<b>198,471</b>	<b>106,640</b>	<b>198,471</b>

**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 2016	291,516	(1,575)	(499)	305,600	(15,979)	766,252	1,345,315	(53,802)	1,291,513
Total comprehensive loss for the period	-	-	-	-	234	(30,330)	(30,096)	(311)	(30,407)
At 30 June 2016	291,516	(1,575)	(499)	305,600	(15,745)	735,922	1,315,219	(54,113)	1,261,106
At 1 January 2015	291,516	-	(499)	346,941	(17,798)	1,504,405	2,124,565	(39,682)	2,084,883
Total comprehensive loss for the period	-	-	-	-	(25)	(78,965)	(78,990)	(3,173)	(82,163)
At 30 June 2015	291,516	-	(499)	346,941	(17,823)	1,425,440	2,045,575	(42,855)	2,002,720

**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 2016	291,516	(1,575)	68,149	358,090
Total comprehensive loss for the period	-	-	(1,210)	(1,210)
At 30 June 2016	291,516	(1,575)	66,939	356,880
At 1 January 2015	291,516	-	45,989	337,505
Total comprehensive income for the period	-	-	2,084	2,084
At 30 June 2015	291,516	-	48,073	339,589

- 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 2016. Total number of ordinary shares bought back as at 30 June 2016 amounted to 1,650,000. These shares are held as treasury shares.

	<b>As at 30 June 2016 (‘000)</b>	<b>As at 31 December 2015 (‘000)</b>
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.**

	<b>As at 30 June 2016 (‘000)</b>	<b>As at 31 December 2015 (‘000)</b>
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 2016.

- 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 2016	Q2 2015	1H 2016	1H 2015
Earnings per share (RMB cents):-				
Basic and diluted	<u>5.7</u>	<u>3.2</u>	<u>(5.6)</u>	<u>(14.8)</u>

	Q2 2016 RMB'000	Q2 2015 RMB'000	1H 2016 RMB'000	1H 2015 RMB'000
Basic earnings per share is based on:				
Net profit/(loss) attributable to ordinary shareholders	<u>30,473</u>	<u>16,951</u>	<u>(29,862)</u>	<u>(79,015)</u>

	Number of shares			
	Q2 2016 ( '000)	Q2 2015 ( '000)	1H 2016 ( '000)	1H 2015 ( '000)
Weighted average number of ordinary shares outstanding at beginning and end of the period	<u>533,052</u>	<u>533,651</u>	<u>533,052</u>	<u>533,651</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.**

	<b>Group</b>		<b>Company</b>	
	<b>As at 30 June 2016</b>	<b>As at 31 December 2015</b>	<b>As at 30 June 2016</b>	<b>As at 31 December 2015</b>
Net assets attributable to the shareholders of the Company (RMB'000)	1,315,219	1,345,315	356,880	358,089
Net asset value per ordinary share (RMB cents)	247.2	252.9	67.1	67.3
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 2016 decreased by RMB174.5 million to RMB515.6 million compared to RMB690.1 million Q2 2015. This was mainly due to decrease in revenue from sale of AA and AE, PMIDA and glyphosate as well as other chemical products by RMB73.3 million, RMB38.8 million and RMB62.4 million respectively.

The decrease in revenue from AA and AE as well as PMIDA and glyphosate in Q2 2016 was mainly attributable to lower average selling prices when compared to Q2 2015.

Sale volume of AA and AE increased from 64,200 tonnes in Q2 2015 to 69,100 tonnes in Q2 2016. The average selling prices decreased from RMB7,400 per tonne in Q2 2015 to RMB6,000 per tonne in Q2 2016.

### Gross profit

The Group incurred a gross profit of RMB13.9 million in Q2 2016 compared to a gross loss of RMB35.0 million in Q2 2015. Sales of AA and AE as well as other chemical products contributed a gross profit of RMB6.2 million and RMB11.4 million respectively. These are partially offset by a gross loss from sale of PMIDA and glyphosate of RMB3.7 million in Q2 2016.

Overall gross profit margin improved from a negative margin of 5.1% in Q2 2015 to a positive margin of 2.7% in Q2 2016. Gross profit margins for AA and AE improved from a negative 8.6% for Q2 2015 to a positive 1.6% in Q2 2016.

### Other operating income and other operating expenses

In Q2 2016, other operating income included: (i) a gain of RMB100.0 million (Q2 2015: Nil) as a results of our recent agreement with Arkema on the joint venture arrangement; (ii) sale of steam and waste water treatment fee of RMB8.4 million (Q2 2015: RMB11.1 million); and (iii) revenue from sale of propylene and other chemical material to joint venture entity of Nil (Q2 2015: RMB197.1 million).

The corresponding costs from sale of propylene and other chemical material as well as sale of steam and waste water treatment were included in the other operating expenses. As there was no sale of propylene and other chemical products to the joint venture entity in Q2 2016, therefore no such cost incurred in Q2 2016 compared to RMB186.1 million in Q2 2015. The costs incurred for sale of steam and waste water treatment amounted to RMB7.6 million in Q2 2016.

### Distribution expenses

Distribution expenses decreased by RMB13.3 million to RMB10.8 million in Q2 2016 compared to RMB24.0 million in Q2 2015. Distribution expenses consisted of transportation charges and packaging costs as well as other sales related expenses.

### Administrative expenses

Administrative expenses increased by RMB17.9 million to RMB51.2 million in Q2 2016 compared to RMB33.2 million in Q2 2015. This was mainly due to a change in net exchange differences from a gain of RMB1.1 million in Q2 2015 to a loss of RMB6.9 million in Q2 2016.

### Finance expenses

Finance expenses decreased by RMB5.8 million to RMB21.8 million in Q2 2016 compared to RMB27.6 million in Q2 2015. This was mainly due to lower interest bearing liabilities in Q2 2016 compared to Q2 2015.

### Income tax expense

Income tax expense decreased by RMB0.6 million to RMB0.6 million in Q2 2016 compared to RMB1.1 million in Q2 2015.

**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 RMB72.9 million to RMB1,410.9 million as at 30 June 2016 compared to RMB1,483.8 million as at 31 December 2015. This was mainly due to depreciation charge for the period.

Inventories decreased by RMB2.1 million to RMB131.2 million as at 30 June 2016 compared to RMB133.3 million as at 31 December 2015.

Breakdown of trade and other receivables is as follows:-

	<b>As at 30 June 2016 RMB'000</b>	<b>As at 31 December 2015 RMB'000</b>
Trade receivables:		
- 3 <sup>rd</sup> parties	233,709	194,791
- Related parties	435,964	347,128
Receivable from joint venture entity	524,942	588,833
Notes receivables	41,363	163,159
Value added tax recoverable	146,504	161,265
Other taxes receivable	100,144	110,896
Prepayments and deposits	10,656	20,887
Deferred tax assets	15,871	15,871
Other receivables	106,276	61,927
	<hr/> 1,615,429 <hr/>	<hr/> 1,664,757 <hr/>

Trade and other receivables decreased by RMB49.3 million to RMB1,615.4 million as at 30 June 2016 compared to RMB1,664.8 million as at 31 December 2015. This was mainly attributable to a decrease in notes receivables.

Breakdown of trade and other payables is as follows:-

	<b>As at 30 June 2016 RMB'000</b>	<b>As at 31 December 2015 RMB'000</b>
Trade payables:		
- 3rd parties	626,516	625,642
- Related parties	4,446	20,044
Payable to joint venture entity	160,602	143,847
Notes payables	102,000	134,837
Accrued operating expenses	40,301	49,244
Other payables	9,097	50,886
	<hr/> 942,962	<hr/> 1,024,500

Trade and other payables decreased by RMB81.5 million to RMB943.0 million as at 30 June 2016 compared to RMB1,024.5 million as at 31 December 2015.

Total non-current and current interest-bearing liabilities decreased by RMB70.0 million to RMB1,342.0 million as at 30 June 2016 compared to RMB1,412.0 million as at 31 December 2015. This was mainly due to repayments made in 1H 2016.

#### Cash Flow Statement

Our Group generated operating cash flow of RMB20.1 million in Q2 2016 mainly due to profit before income tax, depreciation charge and interest expense as well as a decrease in inventories and an increase in trade and other payables. These were partially offset by interest income and increase in trade and other receivables.

Financing activities resulted in negative cash flow of RMB48.5 million in Q2 2016 mainly due to repayment of interest-bearing liabilities, interest paid and an increase in pledged fixed deposits. These were partially offset by proceeds from interest-bearing liabilities.

There was a net cash inflow of RMB0.5 million in Q2 2016 from the Group's investing activities mainly due to interest received.

As a result of the above, cash and cash equivalents decreased from RMB134.6 million as at 31 March 2016 to RMB106.6 million as at 30 June 2016.

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.**

We anticipate conditions will remain challenging in the near future due to the current situation of oversupply and excess production capacity of AA in the PRC.

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 2015.

**(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) <sup>(1)</sup>	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 (“ <b>Yixing Danson</b> ”)	<p>Corporate guarantees in favour of Yixing Danson - RMB432,760,000</p> <p>Sale of crude AA to Yixing Danson - RMB130,684,000</p> <p>Purchase of residual crude AA from Yixing Danson - RMB23,366,000</p>	-
Taixing Jinyan Chemical Technology Co., Ltd (“ <b>Taixing Jinyan</b> ”)	<p>Corporate guarantees in favour of Taixing Jinyan – RMB517,170,000</p> <p>Supply of chemical raw materials to Taixing Jinyan - RMB81,709,000</p>	-
Taixing Yumeng Wuzi Co., Ltd. (“ <b>Taixing Yumeng</b> ”)	<p>Sale of AA to Taixing Yumeng - RMB24,000,000</p> <p>Purchase of inventories from Taixing Yumeng - RMB8,547,000</p>	
Jiaxing Jinyan Chemical Co., Ltd (“ <b>Jiaxing Jinyan</b> ”)	Corporate guarantees in favour of Jiaxing Jinyan - RMB70,000,000	-
Jiangsu Yinyan Specialty Chemical Co., Ltd (“ <b>Jiangsu Yinyan</b> ”)	-	Sales of chemical products to Jiangsu Yinyan - RMB25,120,000
Jiangsu Jurong Petrochemicals Co., Ltd (“ <b>Jiangsu Jurong</b> ”)	-	Sales of chemical products to Jiangsu Jurong - RMB4,894,000

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.
- (2) As at 30 June 2016, the aggregate amount of the corporate guarantees that the Group provided to Yixing Danson, Taixing Jinyan, Jiaying Jinyan and Jiangsu Yinyan was approximately RMB1,019,993,000, whilst the aggregate amount of corporate guarantees that these same entities provided to the Group was approximately RMB1,287,780,000.

- 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 second quarter financial statements ended 30 June 2016 to be false or misleading in any material aspect.**

**BY ORDER OF THE BOARD**

**Sun Xiao**  
**Executive Director and Chief Executive Officer**  
**12 August 2016**