

SUNVIC CHEMICAL HOLDINGS LIMITED
(Registration Number: 200406502E)

Financial Statement and Dividend Announcement for the Third Quarter Ended 30 September 2018

INFORMATION REQUIRED FOR ANNOUNCEMENT OF THIRD 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.

Statement of Comprehensive Income

	Q3 2018	Q3 2017	+ / (-)	9-months	9-months	+ / (-)
	RMB'000	RMB'000	%	ended 30	ended 30	%
				September	September	
				2018	2017	
				RMB'000	RMB'000	
Revenue	227,613	497,128	(54.2)	1,528,111	1,641,182	(6.9)
Cost of sales	(220,783)	(438,173)	(49.6)	(1,463,159)	(1,431,032)	2.2
Gross profit/(loss)	6,830	58,955	(88.4)	64,952	210,150	(69.1)
Other operating income	3,332	8,920	(62.6)	120,740	28,078	330.0
Distribution expenses	(4,078)	(14,250)	(71.4)	(30,042)	(57,128)	(47.4)
Administrative expenses	(23,337)	(27,032)	(13.7)	(95,959)	(89,850)	6.8
Other operating expenses	(3,793)	(9,990)	(62.0)	(115,521)	(24,498)	371.6
Results from operating activities	(21,046)	16,603	(226.8)	(55,830)	66,752	(183.6)
Finance expenses	(17,950)	(21,247)	(15.5)	(62,793)	(67,735)	(7.3)
Loss before income tax	(38,996)	(4,644)	739.7	(118,623)	(983)	NM
Income tax expense	(2,286)	(196)	NM	(9,929)	(7,208)	37.7
Loss for the period	(41,282)	(4,840)	752.9	(128,552)	(8,191)	NM
Other comprehensive income						
Translation differences relating to financial statements of subsidiaries with functional currencies other than RMB	505	(185)	(373.0)	763	(415)	(283.9)
Total comprehensive loss for the period	(40,777)	(5,025)	711.5	(127,789)	(8,606)	NM
Attributable to:						
Owners of the Company	(40,270)	(5,148)	682.2	(126,428)	(8,878)	NM
Non-controlling interests	(507)	123	(512.2)	(1,361)	272	(600.4)
Total comprehensive loss for the period	(40,777)	(5,025)	711.5	(127,789)	(8,606)	NM

The following items have been included in arriving at profit/(loss) before income tax:-

	Q3 2018	Q3 2017	+ / (-)	9-months	9-months	+ / (-)
	RMB'000	RMB'000	%	ended 30	ended 30	%
				September	September	
				2018	2017	
				RMB'000	RMB'000	
Interest income	(2,627)	(666)	294.4	(6,028)	(2,836)	112.6
Reversal of write down of inventories	-	-	-	-	(2,649)	(100.0)
Exchange (gain)/loss, net	(2,576)	1,648	(256.3)	6,312	2,422	160.6
Depreciation of property, plant and equipment	35,369	31,022	14.0	104,809	95,334	9.9
Amortisation of lease prepayments	-	362	(100.0)	1,787	1,168	53.0
Amortisation of intangible assets	261	183	42.6	662	463	35.4
Interest paid and payable	17,950	21,247	(15.5)	62,793	67,735	(7.3)

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 September 2018 RMB'000	As at 31 December 2017 RMB'000	As at 30 September 2018 RMB'000	As at 31 December 2017 RMB'000
Non-current assets				
Property, plant and equipment	1,068,796	1,135,353	36	-
Intangible assets	10,039	9,259	-	-
Land use rights	57,386	59,173	-	-
Subsidiaries	-	-	342,623	342,623
Long-term prepayment	7,458	6,027	-	-
Deferred tax asset	24,430	24,430	-	-
Fixed deposits - pledged	76,739	76,739	-	-
Value-added tax recoverable	83,831	84,931	-	-
	<u>1,328,679</u>	<u>1,395,912</u>	<u>342,659</u>	<u>342,623</u>
Current assets				
Inventories	84,294	109,132	-	-
Trade and other receivables	1,029,681	954,950	52,299	46,996
Pledged deposits	205,054	120,840	-	-
Cash and bank balances	54,071	157,324	107	306
	<u>1,373,100</u>	<u>1,342,246</u>	<u>52,406</u>	<u>47,302</u>
Total assets	<u>2,701,779</u>	<u>2,738,158</u>	<u>395,065</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	566,910	693,338	65,656	64,426
Total equity attributable to equity holders of the Company	<u>856,851</u>	<u>983,279</u>	<u>355,597</u>	<u>354,367</u>
Non-controlling interests	<u>(81,020)</u>	<u>(79,659)</u>	<u>-</u>	<u>-</u>
Total equity	<u>775,831</u>	<u>903,620</u>	<u>355,597</u>	<u>354,367</u>
Non-current liabilities				
Interest bearing liabilities	194,907	228,631	-	-
Deferred tax liabilities	7,500	7,500	-	-
Total non-current liabilities	<u>202,407</u>	<u>236,131</u>	<u>-</u>	<u>-</u>
Current liabilities				
Trade and other payables	1,257,363	877,483	39,468	35,558
Interest-bearing liabilities	462,352	707,853	-	-
Current tax payable	3,826	13,071	-	-
Total current liabilities	<u>1,723,541</u>	<u>1,598,407</u>	<u>39,468</u>	<u>35,558</u>
Total equity and liabilities	<u>2,701,779</u>	<u>2,738,158</u>	<u>395,065</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 September 2018		As at 31 December 2017	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
462,352	-	707,853	-

Amount repayable after one year

As at 30 September 2018		As at 31 December 2017	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
194,907	-	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.

	Q3 2018	Q3 2017	9-months ended 30 September 2018	9-months ended 30 September 2017
	RMB'000	RMB'000	RMB'000	RMB'000
Operating activities				
Loss before income tax	(38,996)	(4,644)	(118,623)	(983)
Adjustments for:				
Interest expense	17,950	21,247	62,793	67,735
Interest income	(2,627)	(666)	(6,028)	(2,836)
Amortisation of intangible assets	261	183	662	463
Amortisation of lease prepayments	-	362	1,787	1,168
Depreciation of property, plant and equipment	35,369	31,022	104,809	95,334
Reversal of write down of inventories	-	-	-	(2,649)
Exchange difference	505	(185)	763	(415)
Operating profit before working capital changes	12,462	47,320	46,163	157,817
Changes in working capital:				
Inventories	(7,443)	(36,024)	24,838	(123,012)
Trade and other receivables	230,245	62,485	(75,062)	(46,516)
Trade and other payables	(155,645)	67,517	390,378	370,168
Cash generated from operations	79,619	141,297	386,317	358,457
Income taxes (paid)/refunded	(1,619)	3,035	(19,174)	(5,753)
Cash flows from operating activities	78,000	144,332	367,143	352,704
Investing activities				
Interest received	2,627	666	6,028	2,836
Purchase of property, plant & equipment and intangible assets	(34,121)	(26,592)	(50,192)	(126,661)
Cash flows from investing activities	(31,494)	(25,926)	(44,164)	(123,825)
Financing activities				
Proceeds from bank loans	169,452	316,924	588,071	1,101,162
Repayments of bank loans	(177,243)	(424,412)	(867,296)	(1,320,439)
Interest paid	(17,950)	(21,247)	(62,793)	(67,735)
Deposits pledged	(25,911)	(27,300)	(84,214)	(45,783)
Cash flows from financing activities	(51,652)	(156,035)	(426,232)	(332,795)
Net decrease in cash and cash equivalents	(5,146)	(37,629)	(103,253)	(103,916)
Cash and cash equivalents at beginning of the period	59,217	130,220	157,324	196,507
Cash and cash equivalents at end of the period	54,071	92,591	54,071	92,591

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 loss for the period	-	-	-	-	763	(127,191)	(126,428)	(1,361)	(127,789)
At 30 September 2018	291,516	(1,575)	(499)	305,600	(15,441)	277,250	856,851	(81,020)	775,831
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	-	-	-	-	(415)	(8,463)	(8,878)	272	(8,606)
At 30 September 2017	291,516	(1,575)	(499)	305,600	(16,045)	416,300	995,297	(76,846)	918,451

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	356,667
Total comprehensive profit for the period	-	-	1,230	1,230
At 30 September 2018	291,516	(1,575)	65,656	355,597
At 1 January 2017	291,516	(1,575)	66,726	356,667
Total comprehensive loss for the period	-	-	(2,512)	(2,512)
At 30 September 2017	291,516	(1,575)	64,214	354,155

- 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 for the period ended 30 September 2018. Total number of ordinary shares bought back as at 30 September 2018 amounted to 1,650,000. These shares are held as treasury shares.

	As at 30 September 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 September 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 September 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.**

	Q3 2018	Q3 2017	9-months ended 30 September 2018	9-months ended 30 September 2017
Earnings per share (RMB cents):-				
Basic and diluted	<u>(7.7)</u>	<u>(0.9)</u>	<u>(23.9)</u>	<u>(1.6)</u>
	Q3 2018 RMB'000	Q3 2017 RMB'000	9-months ended 30 September 2018 RMB'000	9-months ended 30 September 2017 RMB'000
Basic earnings per share is based on:				
Net loss attributable to ordinary shareholders	<u>(40,775)</u>	<u>(4,963)</u>	<u>(127,191)</u>	<u>(8,463)</u>
	Q3 2018 ('000)	Q3 2017 ('000)	9-months ended 30 September 2018 ('000)	9-months ended 30 September 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 September 2018	As at 31 December 2017	As at 30 September 2018	As at 31 December 2017
Net assets attributable to the shareholders of the Company (RMB'000)	856,851	983,279	355,597	354,367
Net asset value per ordinary share (RMB cents)	161.1	184.8	66.8	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

Revenue in Q3 2018 decreased by RMB269.5 million to RMB227.6 million as compared to RMB497.1 million in Q3 2017. This was mainly due to an "Stop of Supply" order implemented by the joint-venture entity, Taixing Sunke, against the Company's subsidiary company, Taixing Jurong, in end July 2018 which resulted in lower volume being allocated for our onwards sales to customers.

Please refer to our announcement dated 8 November 2018 on Proposed Disposal of 45% Equity Interest in Taixing Sunke for more details on the "Stop of Supply" order.

Average selling prices for AA and AE were higher at RMB8,200 per tonne in Q3 2018 as compared to RMB7,600 per tonne in Q3 2017. Sale volume for AA and AE stood at 37,600 tonnes in Q3 2018 as compared to 50,300 tonnes in Q3 2017.

Gross profit

The Group incurred a gross profit of RMB6.8 million in Q3 2018 as compared to RMB59.0 million in Q3 2017. Sales of AA and AE as well as other chemical products contributed RMB5.8 million and RMB1.0 million respectively.

Overall gross loss margin decreased from 11.9% in Q3 2017 to 3.0% in Q3 2018. This was mainly due to lower sale volume as well as higher raw material cost as compared to Q3 2017.

Other operating income

Other operating income and other operating expenses included the following items:-

	Q3 2018 RMB'000	Q3 2017 RMB'000
Interest income	2,627	666
Income relating to sale of steam and provision of waste water treatment services	445	8,039
Others	260	215
	3,332	8,920

Other operating income decreased by RMB5.6 million to RMB3.3 million in Q3 2018 as compared to RMB8.9 million in Q3 2017 mainly due to a decrease in income relating to sale of steam and provision of waste water treatment services recorded under the joint venture entity due to temporary suspension of such services.

Distribution expenses

Distribution expenses decreased by RMB10.2 million to RMB4.1 million in Q3 2018 as compared to RMB14.3 million in Q3 2017. Distribution expenses consisted of transportation charges and packaging costs as well as other sales related expenses. These expenses decreased mainly due to lower sale volume.

Administrative expenses

Administrative expenses decreased by RMB3.7 million to RMB23.3 million in Q3 2018 as compared to RMB27.0 million in Q3 2017. This was mainly due to a net exchange gain of RMB2.6 million incurred in Q3 2018 as compared to a net loss of RMB1.6 million in Q3 2017.

Other operating expenses

Other operating expenses comprised the following items:-

	Q3 2018 RMB'000	Q3 2017 RMB'000
Costs relating to sale of steam and provision of waste water treatment services	335	6,026
Miscellaneous expenses	3,458	3,964
	3,793	9,990

Other operating expenses decreased by RMB6.2 million to RMB3.8 million in Q3 2018 as compared to RMB10.0 million in Q3 2017. This was mainly due to a decrease in costs relating to sale of steam and provision of waste water treatment services as these services were temporary suspended in Q3 2018.

Finance expenses

Finance expenses decreased by RMB3.3 million to RMB18.0 million in Q3 2018 as compared to RMB21.2 million in Q3 2017. This was mainly due to lower outstanding bank borrowings in Q3 2018 as compared to Q3 2017.

Income tax expense

Income tax expense increased by RMB2.1 million to RMB2.3 million in Q3 2018 as compared to RMB0.2 million in Q3 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.

Property, plant and equipment decreased by RMB66.6 million to RMB1,068.8 million as at 30 September 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 RMB24.8 million to RMB84.3 million as at 30 September 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 September 2018 RMB'000	As at 31 December 2017 RMB'000
Trade receivables:		
- 3 rd parties	80,199	121,338
- Related parties	742,287	486,177
Receivable from joint venture entity	78,162	119,683
Notes receivables	11,824	102,139
Value added tax recoverable	44,945	50,986
Prepayments and deposits	57,193	40,657
Other receivables	15,071	33,970
	1,029,681	954,950

Trade and other receivables increased by RMB74.7 million to RMB1,029.7 million as at 30 September 2018 as compared to RMB955.0 million as at 31 December 2017. This was mainly due to increase in trade receivables from related parties by RMB256.1 million which was partially offset by decrease in receivable from joint venture entity, notes receivables and trade receivables from 3rd parties.

Breakdown of the trade receivables from related parties of approximately RMB742.3 million is as follows:-

	RMB'000
Jiangsu Yinyan	131,533
Yixing Danson	178,132
Taixing Jinyan	341,107
Arkema group of companies	91,515
	742,287

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

	RMB'000
Current	348,679
Past due from 1 to 90 days	214,301
Past due from 91 to 180 days	117,818
Past due for more than 180 days	61,489
	742,287

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 RMB84.2 million to RMB205.1 million as at 30 September 2018 as compared to RMB120.8 million as at 31 December 2017.

Total non-current and current interest-bearing liabilities decreased by RMB279.2 million to RMB657.3 million as at 30 September 2018 as compared to RMB936.5 million as at 31 December 2017. This was mainly due to repayments made during the 9-months period in 2018.

Breakdown of trade and other payables is as follows:-

	As at 30 September 2018 RMB'000	As at 31 December 2017 RMB'000
Trade payables:		
- 3rd parties	284,201	321,195
- Related parties	190,268	58,288
Payable to joint venture entity	218,435	118,698
Notes payables	455,500	282,578
Accrued operating expenses	36,241	36,903
Other payables	72,718	59,821
	1,257,363	877,483

Trade and other payables increased by RMB379.9 million to RMB1,257.4 million as at 31 September 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 as well as an increase in notes payables.

Cash Flow Statement

Our Group generated positive operating cash flow of RMB78.0 million in Q3 2018 mainly due to depreciation charge and interest expense as well as a decrease in trade and other receivables. These were partially offset by an increase in inventories and a decrease in trade and other payables.

Financing activities resulted in negative cash flow of RMB51.7 million in Q3 2018 mainly due to an increase in pledged deposits, repayment of bank borrowings and interest paid. These were partially offset by proceeds from bank borrowings.

There was a net cash outflow of RMB31.5 million in Q3 2018 from the Group's investing activities mainly due to acquisitions of property, plant and equipment by the joint venture entity, which was partially offset by interest received.

As a result of the above, cash and cash equivalents decreased from RMB59.2 million as at 30 June 2018 to RMB54.1 million as at 30 September 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.

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.

With the "Stop of Supply" order implemented against Taixing Jurong and the shutting down of our Xiangshui plants (as announced in our Q1 2018 results announcement), the Company is currently purchasing from third parties to satisfy our customers' needs.

The Management is currently evaluating market situations and options available. Updates will be provided accordingly in due course.

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 Q3 2017.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendedd, 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 - RMB157,643,000 Purchase of residual crude AA and finished goods from Yixing Danson - RMB35,041,000	-
Taixing Jinyan Chemical Technology Co., Ltd ("Taixing Jinyan")	Corporate guarantees in favour of Taixing Jinyan - RMB794,000,000 Supply of chemical raw materials to Taixing Jinyan - RMB94,863,000 Purchase of chemical products from Taixing Jinyan - RMB12,743,000 Sale of AA to Taixing Jinyan - RMB25,947,000 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 - RMB71,639,000 Purchase of chemical products from Jiangsu Yinyan - RMB14,540,000	-
Jiaxing Jinyan Chemical Co., Ltd ("Jiaxing Jinyan")	Corporate guarantees in favour of Jiaxing Jinyan - RMB15,000,000	
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 September 2018, the aggregate amount of the corporate guarantees that the Group provided to Yixing Danson, Taixing Jinyan, Jiaxing Jinyan and Taixing Cangchu was approximately RMB1,526,500,000 (2017: RMB1,454,000,000), whilst the aggregate amount of corporate guarantees that these same entities provided to the Group was approximately RMB769,500,000 (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	RMB157.6 million	Normal commercial terms	Sales of the Group's end products to downstream customer
	Purchase of residual crude AA and finished goods	RMB35.0 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	RMB94.9 million	Normal commercial terms	Centralised purchasing to achieve economic of scale and hence savings in material cost, trade terms and logistic
	Purchase of chemical products	RMB12.7 million	Normal commercial terms	On-sell to the Group's customers for products not produced by the Group
	Sale of AA	RMB25.9 million		Sales of the Group's end products to downstream customer
	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

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
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 September 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 November 2018