



## **Anchun International Holdings Ltd.**

(Incorporated in Singapore)

(Company registration number: 200920277C)

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### **Unaudited Results for the Fourth Quarter and the Year Ended 31 December 2017**

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#### **INTRODUCTION**

Anchun International Holdings Ltd. ("**Anchun**") is a leading integrated EPC provider of process technology, design, manufacturing and engineering services to the PRC environmental protection industry, and petrochemical and chemical industries, in particular, ammonia and methanol industries.

Anchun's integrated business model is anchored on strong R&D capabilities and registered patents for our key technologies, and allows us to capture value across the value chain from system design, system manufacturing and project management, and after-sales. Based on core principles of production efficiency, energy saving and environmental protection, our range of integrated chemical systems engineering and technology solutions can be broadly categorised as follows:-

- (i) Chemical systems engineering and technology design services (**Engineering Services**);
- (ii) Chemical systems and components, including reactors applicable in a wide range of various reactions, pressure vessels and other auxiliary equipment; along with chemical process technologies such as alcohol-hydrocarbon reactor technology, ammonia synthesis reactor technology and methanol synthesis reactor technology, gasification technology and CO shift technology ("**CSC Business**"); and
- (iii) Catalysts and pre-reduced catalysts and other products ("**Catalysts Business**")

Anchun's chemical systems are generally used by our customers to produce ammonia and methanol, which are subsequently used as crucial feedstock in our customers' production system to produce other downstream products such as urea, compound fertiliser, methanol fuel, formaldehyde, dimethyl ether and explosives.

Anchun has received several enterprise awards and accolades, including status of designated company for technological support for China Petroleum & Chemical Industry in Environmental Protection and Green Production (中国石油和化工行业环境保护与清洁生产重点支撑技术单位) and 2013 outstanding technological advancement award (工业科技进步奖) conferred by both China Fertilizer Industry Association (中国氮肥工业协会) and China Petroleum and Chemical Industries Association (中国石油和化学工业联合会).

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

**1(a)(i) An income statement and statement of comprehensive income or a statement of comprehensive income (for the Group) together with a comparative statements for the corresponding period of the immediately preceding financial year.**

The Group's operations are principally conducted in the People's Republic of China ("PRC"). Accordingly, the consolidated financial statements have been prepared in Chinese Renminbi ("RMB"), being the functional currency of the Company and its subsidiary.

	<u>Group</u>			<u>Group</u>		
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Change</u>	<u>Unaudited</u>	<u>Audited</u>	<u>Change</u>
	<u>3 months ended</u>			<u>12 months ended</u>		
	<u>31/12/2017</u>	<u>31/12/2016</u>	<u>%</u>	<u>31/12/2017</u>	<u>31/12/2016</u>	<u>%</u>
	<u>RMB'000</u>	<u>RMB'000</u>		<u>RMB'000</u>	<u>RMB'000</u>	
<b>Revenue</b>	7,351	13,358	-45%	62,782	78,520	-20%
Cost of sales	(9,827)	(7,415)	33%	(50,034)	(50,883)	-2%
<b>Gross (Loss)/Profit</b>	<b>(2,476)</b>	<b>5,943</b>	<b>-142%</b>	<b>12,748</b>	<b>27,637</b>	<b>-54%</b>
<b>Other item of income</b>						
Finance and other income	2,538	3,157	-20%	6,124	6,081	1%
<b>Other items of expenses</b>						
Marketing and distribution expenses	(1,923)	(2,296)	-16%	(4,714)	(5,571)	-15%
Administrative expenses	(7,453)	(10,680)	-30%	(25,743)	(37,168)	-31%
Research expenses	(2,544)	(1,779)	43%	(4,449)	(4,328)	3%
Other operating expense	(16,713)	(4,763)	251%	(16,713)	(4,763)	251%
Finance costs	(118)	(132)	-11%	(458)	(556)	-18%
<b>Loss before tax</b>	<b>(28,689)</b>	<b>(10,550)</b>	<b>171%</b>	<b>(33,205)</b>	<b>(18,668)</b>	<b>78%</b>
Income taxation	-	(153)	-100%	-	(99)	-100%
<b>Loss from operation, net of tax, representing total comprehensive loss for the year attributable to owners of the Company</b>	<b>(28,689)</b>	<b>(10,703)</b>	<b>168%</b>	<b>(33,205)</b>	<b>(18,767)</b>	<b>77%</b>

**ANCHUN INTERNATIONAL HOLDINGS LTD.**  
**UNAUDITED RESULTS FOR THE FOURTH QUARTER AND THE YEAR ENDED 31 DECEMBER 2017**

**1(a)(i) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year.**

Loss before tax is arrived at after charging/(crediting) the following:

	Group			Group		
	Unaudited	Unaudited	Change	Unaudited	Audited	Change
	3 months ended			12 months ended		
	31/12/2017	31/12/2016	31/12/2017	31/12/2016		
RMB'000	RMB'000	%	RMB'000	RMB'000	%	
Depreciation of property, plant and equipment	3,278	3,580	-8%	13,208	14,467	-9%
Depreciation of investment property	44	44	0%	176	176	0%
Amortisation of land use rights	92	91	1%	366	365	0%
Amortisation of intangible assets	82	83	-1%	334	333	0%
Allowance for impairment of trade receivables	25,546	4,528	464%	25,546	6,354	302%
Write-back of impairment of trade receivables	(8,886)	(271)	N.M.	(8,886)	(2,097)	-324%
Allowance for/(write-back) of inventory obsolescence	4,253	(236)	N.M.	4,155	(309)	N.M.
Loss on disposal of property, plant and equipment	6	94	-94%	6	84	-93%
Write-off of property, plant and equipment	18	–	N.M.	71	–	N.M.
Exchange gain	(17)	(75)	-77%	(58)	(262)	-78%
Finance income	(1,231)	(1,260)	-2%	(3,733)	(2,865)	30%
Finance costs	118	132	-11%	458	556	-18%
Performance share plan expenses	(34)	48	-171%	100	181	-45%

*N.M. - not meaningful*

1(b)(i) Statement of financial position (for company and group), together with comparatives as at the end of the immediately preceding financial year.

	Group		Company	
	Unaudited 31/12/2017 RMB'000	Audited 31/12/2016 RMB'000	Unaudited 31/12/2017 RMB'000	Audited 31/12/2016 RMB'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	87,695	100,222	–	–
Intangible assets	264	598	–	–
Land use rights	13,709	14,075	–	–
Investment in a subsidiary	–	–	75,461	75,353
Investment property	436	612	–	–
Prepayments	35	–	–	–
	<u>102,139</u>	<u>115,507</u>	<u>75,461</u>	<u>75,353</u>
<b>Current assets</b>				
Inventories	59,825	50,566	–	–
Trade and other receivables	42,328	67,767	35,800	35,788
Bills receivable	33,742	16,371	–	–
Prepayments	6,583	8,481	95	82
Cash and cash equivalents	136,689	148,697	22,161	24,576
	<u>279,167</u>	<u>291,882</u>	<u>58,056</u>	<u>60,446</u>
<b>Total assets</b>	<u>381,306</u>	<u>407,389</u>	<u>133,517</u>	<u>135,799</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	37,568	42,719	11,439	11,252
Advances from customers	47,045	34,564	–	–
Other liabilities	14,362	14,415	996	1,035
Income tax payable	6,560	6,560	–	–
	<u>105,535</u>	<u>98,258</u>	<u>12,435</u>	<u>12,287</u>
<b>Net current assets</b>	<u>173,632</u>	<u>193,624</u>	<u>45,621</u>	<u>48,159</u>
<b>Non-current liability</b>				
Deferred tax liabilities	100	100	–	–
	<u>100</u>	<u>100</u>	<u>–</u>	<u>–</u>
<b>Total liabilities</b>	<u>105,635</u>	<u>98,358</u>	<u>12,435</u>	<u>12,287</u>
<b>Net assets</b>	<u>275,671</u>	<u>309,031</u>	<u>121,082</u>	<u>123,512</u>
<b>Equity attributable to owners of the Company</b>				
Share capital	149,278	149,278	149,278	149,278
Employee benefit trust shares	(66)	(430)	(66)	(430)
Treasury shares	(222)	–	(222)	–
Other reserves	121,001	120,388	64	349
Accumulated profits/(losses)	5,680	39,795	(27,972)	(25,685)
<b>Total equity</b>	<u>275,671</u>	<u>309,031</u>	<u>121,082</u>	<u>123,512</u>
<b>Total equity and liabilities</b>	<u>381,306</u>	<u>407,389</u>	<u>133,517</u>	<u>135,799</u>

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

The Group has loans from former shareholders of our subsidiary amounting to RMB18.0 million (31 December 2016: RMB18.0 million) as at 31 December 2017 with an interest rate of 2.5% per annum and which are unsecured with no fixed term of repayment.

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

	Group		Group	
	Unaudited		Unaudited	Audited
	3 months ended		12 months ended	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Note	RMB'000	RMB'000	RMB'000	RMB'000
<b>Operating activities</b>				
Loss before tax	(28,689)	(10,550)	(33,205)	(18,668)
<u>Adjustments for:</u>				
Depreciation of property, plant and equipment	3,278	3,580	13,208	14,467
Depreciation of investment property	44	44	176	176
Amortisation of intangible assets	82	83	334	333
Amortisation of land use rights	92	91	366	365
Allowance for impairment of trade receivables, net	16,660	4,257	16,660	4,257
Loss on disposal of property, plant and equipment	6	94	6	84
Write-off of property, plant and equipment	18	–	71	–
Allowance for/(write-back) of inventory obsolescence	4,253	(236)	4,155	(309)
Performance share plan expense	(34)	48	100	181
Net foreign exchange gain	(17)	(75)	(58)	(262)
Finance costs	118	132	458	556
Finance income	(1,231)	(1,260)	(3,733)	(2,865)
<b>Operating cash flows before changes in working capital</b>	<b>(5,420)</b>	<b>(3,792)</b>	<b>(1,462)</b>	<b>(1,685)</b>
<u>Changes in working capital</u>				
Decrease/(increase) in:				
Inventories	(7,263)	409	(13,414)	15,131
Trade and other receivables	18,232	(462)	8,779	(7,794)
Bills receivable	(21,005)	4,183	(17,371)	13,758
Prepayments	3,964	(762)	1,898	(451)
(Decrease)/increase in:				
Trade and other payables	(4,286)	(1,518)	(4,855)	(10,400)
Advances from customers	5,601	904	12,482	(8,083)
Other liabilities	4,086	3,814	(517)	(1,619)
Total changes in working capital	(671)	6,568	(12,998)	542
<b>Cash flows (used in)/generated from operations</b>	<b>(6,091)</b>	<b>2,776</b>	<b>(14,460)</b>	<b>(1,143)</b>
Interest received	1,231	1,260	3,733	2,865
Interest paid	(5)	(515)	(8)	(1,360)
Income tax refund	–	(539)	–	(485)
<b>Net cash (used in)/generated from operating activities</b>	<b>(4,865)</b>	<b>2,982</b>	<b>(10,735)</b>	<b>(123)</b>

1(c) A statement of cash flows (for the Group), together with a comprehensive statement for the corresponding period of the immediately preceding financial year. (cont'd)

	Group		Group	
	Unaudited		Unaudited	Audited
	3 months ended		12 months ended	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Investing activities</b>				
Proceeds from sale of property, plant and equipment	3	–	10	45
Purchase of Intangible assets - software	–	–	–	(638)
Purchase of property, plant and equipment	(94)	(693)	(1,098)	(1,714)
<b>Net cash used in investing activities</b>	(91)	(693)	(1,088)	(2,307)
<b>Financing activity</b>				
Repayment of loans from former shareholders of a subsidiary	–	(4,498)	–	(4,498)
Purchase of treasury shares	(209)	–	(222)	–
<b>Net cash used in financing activity</b>	(209)	(4,498)	(222)	(4,498)
<b>Net decrease in cash and cash equivalents</b>	(5,165)	(2,209)	(12,045)	(6,928)
<b>Cash and cash equivalents at beginning of year</b>	141,858	150,831	148,697	155,363
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(4)	75	37	262
<b>Cash and cash equivalents at end of year</b>	136,689	148,697	136,689	148,697

**Note A:**

**Purchase of property, plant and equipment**

	Group		Group	
	Unaudited		Unaudited	Audited
	3 months ended		12 months ended	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	RMB'000	RMB'000	RMB'000	RMB'000
Current period additions to property, plant and equipment	91	38	768	114
Less: Payable to creditors for current period purchases	(32)	(3)	(64)	(9)
Prepayment made in prior period	–	–	–	(8)
Add: Payments for prior period purchase	–	658	359	1,617
Prepayments made in current period	35	–	35	–
<b>Net cash outflow for purchase of property, plant and equipment</b>	94	693	1,098	1,714

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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

	Attributable to owners of the Company										
	Share Capital	Employee benefit trust shares	Performance share plan reserve	Gain on reissuance of EBT shares	Treasury shares	Contribution from shareholder	Statutory reserve fund	Statutory reserve fund - safety production reserve	Merger reserve	Accumulated profits	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Group Audited</b>											
Balance at 1 January 2016	149,278	(430)	168	–	–	1,725	38,329	4,177	75,000	59,370	327,617
Loss for the year, representing total comprehensive loss for the year	–	–	–	–	–	–	–	–	–	(18,767)	(18,767)
<b>Others</b>											
Grant of equity-settled performance shares to employees	–	–	181	–	–	–	–	–	–	–	181
Transfer to statutory reserve – safety production reserve	–	–	–	–	–	–	–	808	–	(808)	–
<b>Total others</b>	<b>–</b>	<b>–</b>	<b>181</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>808</b>	<b>–</b>	<b>(808)</b>	<b>181</b>
<b>Balance at 31 December 2016</b>	<b>149,278</b>	<b>(430)</b>	<b>349</b>	<b>–</b>	<b>–</b>	<b>1,725</b>	<b>38,329</b>	<b>4,985</b>	<b>75,000</b>	<b>39,795</b>	<b>309,031</b>

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 UNAUDITED RESULTS FOR THE FOURTH QUARTER AND THE YEAR ENDED 31 DECEMBER 2017

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. (cont'd)

Statement of Changes in Equity (cont'd)

	Attributable to owners of the Company										
	Share Capital	Employee benefit trust shares	Performance share plan reserve	Gain on reissuance of EBT shares	Treasury shares	Contribution from shareholder	Statutory reserve fund	Statutory reserve fund - safety production reserve	Merger reserve	Accumulated profits	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Group Unaudited</b>											
Balance at 1 January 2017	149,278	(430)	349	-	-	1,725	38,329	4,985	75,000	39,795	309,031
Loss for the year, representing total comprehensive loss for the year	-	-	-	-	-	-	-	-	-	(33,205)	(33,205)
<b>Others</b>											
Grant of equity-settled performance shares to employees	-	-	100	-	-	-	-	-	-	-	100
EBT shares reissued pursuant to vesting of performance share plan	-	364	(449)	64	-	-	-	-	-	-	(21)
Purchase of treasury shares	-	-	-	-	(222)	-	-	-	-	-	(222)
Transfer to statutory reserve – safety production reserve	-	-	-	-	-	-	-	536	-	(536)	-
Transfer to statutory reserve fund	-	-	-	-	-	-	362	-	-	(362)	-
Transfer to staff welfare payable	-	-	-	-	-	-	-	-	-	(12)	(12)
<b>Total others</b>	-	-	-	64	(222)	-	362	536	-	(910)	(155)
<b>Balance at 31 December 2017</b>	<b>149,278</b>	<b>(66)</b>	<b>-</b>	<b>64</b>	<b>(222)</b>	<b>1,725</b>	<b>38,691</b>	<b>5,521</b>	<b>75,000</b>	<b>5,680</b>	<b>275,671</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. (cont'd)

Statement of Changes in Equity (cont'd)

	Attributable to owners of the Company						Total equity
	Share Capital	Employee benefit trust shares	Performance share plan reserve	Gain on reissuance of EBT shares	Treasury shares	Accumulated losses	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<b>Company Audited</b>							
Balance at 1 January 2016	149,278	(430)	168	–	–	(22,935)	126,081
Loss for the year, representing total comprehensive loss for the year	–	–	–	–	–	(2,750)	(2,750)
Grant of equity-settled performance shares to employees	–	–	181	–	–	–	181
<b>Balance at 31 December 2016</b>	<b>149,278</b>	<b>(430)</b>	<b>349</b>	<b>–</b>	<b>–</b>	<b>(25,685)</b>	<b>123,512</b>
<b>Company Unaudited</b>							
Balance at 1 January 2017	149,278	(430)	349	–	–	(25,685)	123,512
Loss for the year, representing total comprehensive loss for the year	–	–	–	–	–	(2,287)	(2,287)
Grant of equity-settled performance shares to employees	–	–	100	–	–	–	100
EBT shares reissued pursuant to vesting of performance share plan	–	364	(449)	64	–	–	(21)
Purchase of treasury shares	–	–	–	–	(222)	–	(222)
<b>Balance at 31 December 2017</b>	<b>149,278</b>	<b>(66)</b>	<b>–</b>	<b>64</b>	<b>(222)</b>	<b>(27,972)</b>	<b>121,082</b>

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

Ordinary shares

	Number of Shares	Amount RMB'000
Ordinary shares including employee benefit trust ("EBT") shares & treasury shares as at 31 December 2017 and 31 December 2016	50,500,000	149,278

Convertibles

The Company did not have outstanding options, convertibles or subsidiary holdings as at 31 December 2017 and 31 December 2016.

EBT shares

The Company had 170,000 EBT shares (approximately 0.337% of the total number of issued shares) as at 31 December 2016, all of which are held on trust by Dawn Vitality International Limited. During FY2017:

- (a) Employees of our Group became beneficially interested in an aggregate of 144,000 EBT shares after fulfilling the three years' service condition of the awards granted to them in FY2014; and
- (b) The Company granted awards comprising 17,000 EBT shares to eligible employees of our Group.

A balance of 9,000 EBT shares (approximately 0.018% of the total number of issued shares) remain available for allocation as at 31 December 2017.

Treasury shares

The Company had 160,000 treasury shares (approximately 0.317% of the total number of issued shares) as at 31 December 2017 and did not have treasury shares as at 31 December 2016.

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 31.12.17	As at 31.12.16
Total number of issued shares excluding EBT shares and treasury shares	50,314,000	50,330,000

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

The movement of EBT shares and treasury shares as at 31 December 2017 is as follow:

	<b>Number of shares</b>
Balance as at 1 January 2017	170,000
Purchase of treasury shares during the current financial year	160,000
Employees of the Group becoming beneficially interested in EBT shares after fulfilling the three years' service condition of the awards granted to them in FY2014	(144,000)
	<hr/>
Balance as at 31 December 2017	<u>186,000</u>

**1(d)(v) A statement showing all sales, transfer, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. There were no sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current year reported on.

**2) Whether the figures have been audited, or reviewed and in accordance with which standard or practices.**

The figures have not been audited or reviewed by the Company's auditors.

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

Except for the adoption of the FRSs and Amendments to FRSs applicable for the financial year beginning on or after 1 January 2017, the same accounting policies and methods of computation have been applied. The new FRSs and Amendments to FRSs have not affected the financial performance or position of the Group and the Company until the adoption commencement date of Jan.1, 2018.

**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.**

The Group and the Company have adopted all the new FRSs and Amendments to FRSs that are effective for the year beginning on or after 1 January 2017. The new FRSs and Amendments to FRSs have not affected the financial performance or position of the Group and the Company until the adoption commencement date of Jan.1, 2018.

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

	Group			
	3 months ended 31/12/2017	3 months ended 31/12/2016	12 months ended 31/12/2017	12 months ended 31/12/2016
Loss net of tax attributable to owners of the Company (RMB '000)	(28,689)	(10,703)	(33,205)	(18,767)
Weighted average number of ordinary shares ('000) on issue applicable to basic and diluted EPS	50,279	50,330	50,317	50,330
Basic and diluted loss per share (RMB cents)	(57.06)	(21.27)	(65.99)	(37.29)

Basic loss per share for the 3 months ended 31 December 2017 and 31 December 2016 are computed by dividing the loss net of tax attributable to owners of the Company by the weighted average number of ordinary shares excluding EBT and treasury shares.

The diluted loss per share are the same as the basic loss per share as the Company does not have any dilutive potential ordinary shares for the financial years ended 31 December 2017 and 31 December 2016.

7) **Net asset value (for the issuer and group) per ordinary share based on issued share capital excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.**

	Group		Company	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Net asset value per share (RMB per share)	5.48	6.14	2.41	2.45

Net asset value per ordinary share as at 31 December 2017 was calculated based on the existing number of shares in issue excluding EBT and treasury shares of 50,314,000 and 50,330,000 ordinary shares as at 31 December 2017 and 31 December 2016 respectively.

- 8) **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**A) Income Statements**

**Revenue**

12M2017 VS 12M2016

Revenue decreased by RMB15.7 million or 20% from RMB78.5 million in 12M2016 to RMB62.8 million in 12M2017. The decrease was mainly due to the decrease of revenue from catalyst business and CSC business, partially offset by the increase of revenue from engineering services, further described as follows:

Revenue from our Catalyst Business

Revenue from our Catalyst Business decreased by RMB7.3 million or 35% from RMB20.6 million in 12M2016 to RMB13.3 million in 12M2017. This was mainly due to the absence of sales of hydrocarbon catalysts, partially offset by the increase of revenue from pre-reduced catalysts.

Revenue from our Engineering Services

Revenue from our Engineering Services increased by RMB1.2 million or 29% from RMB4.2 million in 12M2016 to RMB5.4 million in 12M2017. The increase was mainly attributable to increase from environmental protection engineering services of RMB1.2 million.

Revenue from our CSC Business

Revenue from our CSC Business decreased by RMB9.6 million or 18% from RMB53.7 million in 12M2016 to RMB44.1 million in 12M2017. This decrease was mainly attributable to decrease in sales of patented equipment of methanol reactors, ammonia converter internals and isothermal shift reactors amounting to RMB10.0 million.

4Q2017 VS 4Q2016

The Group's revenue decreased by RMB6.0 million or 45% from RMB13.4 million in 4Q2016 to RMB7.4million in 4Q2017 attributable to the following:

- a) Catalyst Business revenue decreased by RMB1.6 million which was mainly attributable to the absence of sales of hydrocarbon catalysts. Revenue from the hydrocarbon catalyst decreased by RMB2.4 million or 100% with no sales in 4Q2017. Revenue from the ammonia synthesis catalyst increased by RMB1.1 million or 275% from RMB0.4 million in 4Q2016 to RMB1.5 million in 4Q2017.
- b) The CSC Business revenue decreased by RMB4.2 million mainly attributable to decrease in sales of Heat transfer containers, partially offset by an increase in sales of a multi-layer high pressure vessel (enclosure) and other equipment. Revenue from heat transfer containers decreased by RMB6.4 million or 84% from RMB7.6 million in 4Q2016 to RMB1.2 million in 4Q2017. Revenue from multi-layer high pressure vessel (enclosure) increased by RMB1.5 million or 100% from nil in 4Q2016 to RMB1.5 million in 4Q2017. Revenue from the hot delivery internals and cold delivery internals and separator internals increased by RMB0.7 million or 100% with no sales in 4Q2016.

- c) Engineering Services revenue decreased by RMB0.2 million from RMB2.3 million in 4Q2016 to RMB2.1 million in 4Q2017, mainly attributable to the decrease in revenue from environmental protection engineering services completed in the current quarter.

**A) Income Statements (cont'd)**

**Gross profit and gross profit margin**

12M2017 VS 12M2016

Our overall gross profit decreased by RMB14.9 million or 54% from RMB27.6 million in 12M2016 to RMB12.7 million in 12M2017 and our gross profit margin decreased from 35% in 12M2016 to 20% in 12M2017.

The fluctuations in our overall gross profit was mainly due to the following:

- a) Gross profit of Catalyst business decreased by RMB6.5 million from RMB9.3 million in 12M2016 to RMB2.8 million in 12M2017. This was mainly attributable to the absence of revenue from hydrocarbon catalysts which contributed to a decrease of RMB7.1 million in 12M2016 offset by RMB0.6 million from the increase in sales of the ammonia synthesis catalyst and some other types of pre-reduced catalyst. The gross profit margin decreased by 24% from 45% in 12M2016 to 21% in 12M2017 principally due to the absence of revenue from hydrocarbon catalysts which contributed higher gross profit margin than ammonia synthesis and pre-reduced catalysts.
- b) Gross profit of CSC business decreased by RMB9.4 million from RMB15.8 million in 12M2016 to RMB6.4 million in 12M2017. This was mainly attributable to decrease in gross profit of RMB11.0 million from sales of isothermal shift reactor, which was offset by an increase of RMB7.3 million in sales of methanol reactor and the pressure vessel. In addition, the increase in allowance for inventory obsolescence amounting to RMB4.2 million also contributed to the overall decrease of RMB9.4 million. These factors have resulted in the decrease of 14 percentage points in overall average gross profit margin achieved for 12M2017 to 15% from 29% in 12M2016. The decline in gross profit margin by 14% mainly attributable to the inventory obsolescence allowance.
- c) Gross profit of Engineering Services increased by RMB1.0 million from RMB2.5 million in 12M2016 to RMB3.5 million in 12M2017. The gross profit increased was mainly attributable to the revenue increase in 12M2017. The overall average gross profit margin increased by 5% from 60% in 12M2016 to 65% in 12M2017, which can be attributed to better pricing of some design contracts, particularly the environmental protection engineering services which were completed in 12M2017.

Property tax, land use tax and stamp duty totalling RMB1.9 million have been reclassified from administrative expenses to cost of sales in 12M2017 in accordance with the circular for provisions on the accounting treatment for value added tax issued by Ministry of Finance in PRC effective 2017.

4Q2017 VS 4Q2016

Our overall gross profit decreased by RMB8.4 million or 142% from RMB6.0 million in 4Q2016 to negative RMB2.4 million in 4Q2017 and our gross profit margin decreased from 44% in 4Q2016 to negative 34% in 4Q2017.

- a) Gross profit of Catalyst business decreased by RMB1.6 million from RMB1.9 million in 4Q2016 to RMB0.3 million 4Q2017. The gross profit margin decreased by 41% from 57% in 4Q2016 to 16% in 4Q2017 was mainly attributable to the absence of revenue from hydrocarbon catalysts which contributed higher gross margin than ammonia synthesis and other types of pre-reduced catalysts.
- b) The gross profit of CSC business decreased by RMB6.5 million from RMB2.2 million in 4Q2016 to negative RMB4.0 million in 4Q2017. This was mainly attributable to decrease in gross profit of RMB2.0 million from sales of heat transfer containers. The increase of allowance for inventory obsolescence of RMB4.2 million in 4Q2017 from 4Q2016 also contributed to the decrease in gross profit. These factors have contributed to the overall average gross loss recorded in 4Q 2017 compared to the gross profit margin of 44% in 4Q 2016.

## **A) Income Statements (cont'd)**

### **Gross profit and gross profit margin (cont'd)**

- c) The gross profit of Engineering design decreased by RMB0.3 million from RMB1.9 million in 4Q2016 to RMB1.6 million in 4Q2017. This was mainly attributable to a decrease in revenue from environmental protection engineering services completed in the current quarter which also resulted in the overall decrease in gross profit margin from 81% in 4Q2016 to 77% in 4Q2017.

Property tax, land use tax and stamp duty totalling RMB0.5 million have been reclassified from administrative expenses to cost of sales in 4Q2017 in accordance to the circular on provisions on the accounting treatment for value added tax issued by Ministry of Finance in PRC effective 2017.

### **Finance and other income**

#### 12M2017 VS 12M2016

Finance and other income increased by RMB0.04 million or 1% from RMB6.08 million in 12M2016 to RMB6.12 million in 12M2017. The increase was mainly due to increase of interest income of RMB0.87 million from higher interest rates and increase of other operating income of RMB0.4 million, which was offset by decrease of RMB1.22 million from contract penalties imposed on suppliers, government grants and exchange losses.

#### 4Q2017 VS 4Q2016

Finance and other income decreased significantly by RMB0.6 million or 20% from RMB3.1 million in 4Q2016 to RMB2.5 million in 4Q2017. The decrease was mainly attributable to other operating income of RMB0.6 million, which was write-off of trade payables that are more the 10 years old and vendors are out of business or unable to be reached by the Group after years of efforts.

### **Marketing and distribution expenses**

#### 12M2017 VS 12M2016

Marketing and distribution expenses decreased by RMB0.9 million or 15% from RMB5.6 million in 12M2016 to RMB4.7 million in 12M2017. The decrease was mainly attributable to decrease of travelling expenses of RMB0.1 million and after-sales maintenance of RMB0.8 million.

#### 4Q2017 VS 4Q2016

Marketing and distribution expenses decreased slightly by RMB0.4 million or 16% from RMB2.3 million in 4Q2016 to RMB1.9 million in 4Q2017 mainly due to a decrease of RMB0.5 million of after-sales maintenance, partially offset by increase in advertising expenses of RMB0.1 million.

### **Administrative expenses**

#### 12M2017 VS 12M2016

Administrative expenses decreased by RMB11.5 million or 31% from RMB37.2 million in 12M2016 to RMB25.7 million in 12M2017. The decrease was partly due to lower unallocated manufacturing overheads of RMB6.5 million charged to profit or loss under administrative expenses, RMB0.8 million lower salaries, bonuses and fees and RMB0.8 million lower compensation expenses incurred for early terminations of staff contracts in 12M2017 VS 12M2016.

A) Income Statements (cont'd)

Administrative expenses (cont'd)

Item by nature	12M2016	12M2017	12M2017 vs.12M2016 (Change)		Comments
	RMB'000	RMB'000	RMB'000	%	
Unallocated manufacturing overheads allocated in administrative expenses	12,751	6,287	(6,464)	(51)	Allocation of manufacturing overheads relates to production. Allocation method is evaluated every two years based on production. Decrease due to overall decrease in manufacturing overheads principally due to lower manpower and its related costs in 12M2017 over 12M2016.
Land rights taxes, land use taxes, stamp duty	1,868	–	(1,868)	(100)	Reclassified to Cost of Sales in accordance with the circular on provisions on the accounting treatment for value added tax issued by Ministry of Finance in PRC effective 2017.
Salaries, bonuses and fees	9,087	8,333	(754)	(8)	Include salaries of executive directors and heads of department deployed in administrative functions and director's fees. There were lower headcount in 12M2017 over 12M2016.
Staff compensation for early termination	903	91	(812)	(90)	Decrease in compensation expenses incurred due to less terminations of staff contracts.
Depreciation	2,381	1,611	(770)	(32)	Decrease due to fully depreciated fixed assets and disposals in 12M2016.
Other expenses	10,178	9,421	(757)	(7)	Other expenses is an aggregation of expenses of less than RMB0.5 million each. It includes professional fees, litigation costs, staff welfare expenses, etc. Decrease is principally due to reduce staff expenses in 12M2017 compared to 12M2016.
<b>Total</b>	<b>37,168</b>	<b>25,743</b>	<b>(11,425)</b>	<b>(31)</b>	



**A) Income Statements (cont'd)**

**Administrative expenses (cont'd)**

4Q2017 VS 4Q2016

Administrative expenses decreased by RMB3.2 million or 30% from RMB10.7million in 4Q2016 to RMB7.5 million in 4Q2017. The decrease was partly due to lower unallocated manufacturing overheads of RMB2.5 million charged to profit or loss under administrative expenses .

Item by nature	4Q2016	4Q2017	4Q2017 vs.4Q2016 Change		Comments
	RMB'000	RMB'000	RMB'000	%	
Unallocated manufacturing overheads allocated in administrative expenses	3,506	1,009	(2,497)	(71)	Allocation of manufacturing overheads relates to production. Allocation method is evaluated every two years based on production. Decrease due to overall decrease in manufacturing overheads principally due to lower manpower and its related costs in 4Q2017 over 4Q2016.
Land rights taxes, land use taxes, stamp duty	472	–	(472)	(100)	Reclassified to Cost of Sales in accordance with the circular on provisions on the accounting treatment for value added tax issued by Ministry of Finance in PRC effective 2017.
Depreciation	587	397	(190)	(32)	Decrease due to fully depreciated fixed assets and disposals in 4Q2016.
Salaries, bonuses and fees	3,498	3,603	105	3	Include salaries of executive directors and heads of department deployed in administrative functions and director's fees.
Other expenses	2,597	2,444	(153)	(6)	Other expenses are an aggregation of expenses of less than RMB0.2 million each. It includes maintenance expenses, litigation costs, etc. Increase is principally due to reduce staff expenses in 4Q2017 compared to 4Q2016.
<b>Total</b>	<b>10,660</b>	<b>7,453</b>	<b>(3,207)</b>	<b>(30)</b>	

## A) Income Statements (cont'd)

### Research expenses

#### 12M2017 VS 12M2016

Research expenses increased by RMB0.2 million or 3% from RMB4.3 million in 12M2016 to RMB4.5 million in 12M2017. This was mainly attributable to higher expenses incurred for catalyst process improvement efforts in 12M2017.

#### 4Q2017 VS 4Q2016

Research expenses increased by RMB0.8 million or 43% from RMB1.7 million in 4Q2016 to RMB2.5 million in 4Q2017, which was mainly attributable to higher expenses incurred for the new thermostatic methanol tower improvement efforts of RMB1.5 million. This was offset partially by lower expenses incurred for ammonia tower internals improvement efforts of RMB0.7 million in 4Q2017 compared to 4Q2016.

### Other operating expenses

#### 12M2017 VS 12M2016

Other operating expenses increased by RMB12.0 or 250% from RMB4.7 million in 12M2016 to RMB16.7 million in 12M2017. This was mainly due to the net of the increase of RMB12.4 million in the write back of allowance for impairment of trade receivables from RMB4.2 million in 12M2016 to RMB16.6 in 12M2017 and partially offset by decrease in loss from disposal of PPE of RMB0.4 million.

#### 4Q2017 VS 4Q2016

Other operating expenses increased by RMB12.0 or 250% from RMB4.7 million in 4Q2016 to RMB16.7 million in 4Q2017 as explained above.

### Finance costs

#### 12M2017 VS 12M2016

Finance costs decreased by RMB0.1 million or 18% from RMB0.6 million in 12M2016 to RMB0.5 million in 12M2017. The decrease was mainly due to the decrease in interest expenses as a result of the partial repayment of the loan from former shareholders of our subsidiary in prior year.

#### 4Q2017 VS 4Q2016

Finance costs decreased by RMB0.01 million or 11% from RMB0.13 million in 4Q2016 to RMB0.12 million in 4Q2017. The decrease was mainly due to the decrease in interest expenses as a result of the partial repayment of the loan from former shareholders of our subsidiary in prior year.

### Income tax expenses

#### 12M2017 VS 12M2016

There was no income tax expense in 12M2017 due to the losses incurred by the Group's subsidiary in 12M2017.

#### 4Q2017 VS 4Q2016

Income taxation decreased by RMB0.2 million from negative RMB0.2 million in 4Q2016 to nil in 4Q2017. There was no income tax expense in 4Q2017 due to the losses incurred by the Group's subsidiary in 4Q2017.

## A) Income Statements (cont'd)

### Net loss attributable to owners of the Company

#### 12M2017 VS 12M2016

The net loss attributable to owners of the Company increased by RMB14.5 million or 77% from a loss of RMB18.7 million in 12M2016 to a loss of RMB33.2 million in 12M2017 was mainly due to impairment of Trade receivables with details as explained above.

#### 4Q2017 VS 4Q2016

The net loss attributable to owners of the Company has increased by RMB17.9 million or 168% from RMB10.7 million in 4Q2016 to RMB28.7 million in 4Q2017. The decrease was mainly due to the decrease of revenue and increase of impairment of Trade receivables with details as explained above.

## B) Balance Sheet Statements

### Non-current assets

Non-current assets decreased by RMB13.4 million or 11.6% from RMB115.5 million as at 31 December 2016 to RMB102.1 million as at 31 December 2017. Non-current assets comprised of property, plant and equipment, investment property, intangible assets, land use rights, and prepayments.

Property, plant and equipment decreased by RMB12.5 million or 12.5% from RMB100.2 million as at 31 December 2016 to RMB87.7 million as at 31 December 2017, mainly due to depreciation charges in 12M2017.

### Current assets

Current assets decreased by RMB12.7 million or 4.4% from RMB291.9 million as at 31 December 2016 to RMB279.2 million as at 31 December 2017. The decrease was mainly due to the following:

- a) The increase in inventories of RMB9.3 million was due to increase in raw materials to fulfill new order received, work-in-progress and goods-in-transit, partially offset by decrease in finished goods due to delivery.
- b) The decrease in prepayments of RMB1.9 million was mainly due to less payment was made to the vendors for purchasing raw materials as the Group pays vendors on a progressive payment schedule per terms in each signed contract agreement.
- c) The increase in bills receivable of RMB17.4 million was mainly due to decrease in trade and other receivables and receive more bills receivable.
- d) The decrease in trade and other receivables of RMB25.4 million is due to settlement of the trade receivables of RMB8.7 million and making provision for doubtful debts of RMB16.7 million.

**B) Balance Sheet Statements (cont'd)**

**Current assets (cont'd)**

The breakdown and aging of items of trade and other receivables are as follows:

Item by nature	31/12/2017 RMB'000	< 6 months RMB'000	6-12 months RMB'000	1-2 years RMB'000	>2 years RMB'000
<b>Trade Receivables</b>					
Receivables from sales	77,700	28,615	4,367	15,476	29,242
Less: Provision for doubtful debts	(36,864)	-	(1,195)	(6,565)	(29,105)
<b>Sub-total</b>	<b>40,836</b>	<b>28,615</b>	<b>3,172</b>	<b>8,911</b>	<b>137</b>
<b>Other Receivables</b>					
A. Operation cash advances	135	135			
B. Bid bonds	1,318	1,318			
C. Rental deposit	29			29	
D. GST receivables	10	10			
<b>Total</b>	<b>42,328</b>	<b>30,078</b>	<b>3,172</b>	<b>8,940</b>	<b>137</b>

Trade receivables more than 1 year old amounting to RMB9 million net of provision included certain major accounts where there were collections during the year.

The details of the underlying contracts and reasons for the material amount of receivables are as follows:

Trade receivables mainly relate to receivables from chemical system and component business ("CSC Business"). For CSC Business, the Group enters into contracts with customers with specific terms and conditions. Amongst the terms and conditions are payment terms, with typical progress payment milestones as follows:-

- 1) Upon contract initiation and/or material ordering;
- 2) Upon delivery of the chemical systems to customer;
- 3) Upon the acceptance of the chemical systems by customer;
- 4) Upon the successful commission of the chemical systems;
- 5) Upon expiry of the quality assurance warranty period which could be typically in 1 or 1.5 years after the successful commissioning of the chemical systems.

Revenue of standard equipment of CSC products is recognized upon delivery. Revenue of custom made equipment of CSC products is recognized upon customer's acceptance.

Other Receivables consist of:

- 1) Operation cash advances, rendered based on operational needs so that the Group's employees do not need to bear too much expenses until a reimbursement cycle completes;
- 2) Bid bonds, which are deposits relating to contracts biddings;
- 3) Rental deposit for the Singapore office; and
- 4) Singapore GST receivables.

## **B) Balance Sheet Statements (cont'd)**

### **Current liabilities**

Current liabilities increased by RMB7.3 million or 7.4% from RMB98.2 million as at 31 December 2016 to RMB105.5 million as at 31 December 2017. The increase was mainly due to the following:

- a) The increase in advances from customers of RMB12.5 million due to more amounts received from customers according to the progressive payment terms contracted while revenue is recognized according to the Group's revenue recognition policy.
- b) The decrease in trade and other payables of RMB5.2 million was due to settlements with our suppliers.

## **C) Cash Flow Statements**

### **12M2017**

Cash and cash equivalents decreased by RMB12.0 million in 12M2017, which was mainly attributed to cash used in operating activities. RMB10.7 million was used in operating activities while RMB1.1 million was used in the purchase of property, plant and equipment.

### **4Q2017**

Cash and cash equivalents decreased by RMB5.2 million in 4Q2017 which was mainly attributed to cash used in operating activities.

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

The Company did not make any forecast and prospect statement in respect of its results for 31 December 2017.

**10) A commentary at the date of the announcement of the 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 products and services the Group provides are mostly related to capital intensive engineering projects in China. The macro-economic environment in China, particularly government policies in relation to the issue of credit and provision of utility subsidies to the industry, have a large impact on the Group's customers buying and investing decisions. This coupled with nitrogen fertilizer and urea prices remaining low, the Group expects the next 12 months to continue to be challenging for the Nitrogen Fertilizer Industry and the majority of basic chemical producers in PRC.

The Group will continue to remain vigilant over its costs structure and continue its research efforts to enhance and improve its portfolio of patented products and further build its technical competency so as to be more competitive in the market and be better positioned to take advantage of opportunities when they arise.

The Group's order book as of 31 December 2017 was approximately RMB86.6 million (30 September 2017: RMB92.6 million).

**11) Dividend**

**(a) Current financial period reported on**

The Company does not recommend any dividend for the financial year ended 31 December 2017.

**(b) Corresponding period of the immediately preceding financial year**

The Company did not recommend or declare any dividend for the financial year ended 31 December 2016.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**12) If no dividend has been declared/recommended, a statement to that effect**

The Company does not recommend any dividend for the financial year ended 31 December 2017.

**13) If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not obtained a general mandate from shareholders for Interested Person Transactions.

**14) Update on usage of IPO proceeds**

As at 31 December 2017, the net proceeds from the Company's initial public offering have been utilized as follows:

<b>Usage of IPO Proceeds</b>	<b>Amount allocated</b>	<b>Amount utilized</b>	<b>Balance</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>(A) Expand our production facilities and capacities</b>	95,936	18,465	77,471
<b>(B) Enhance our R&amp;D capabilities and widen our range of innovative and cost-effective solutions</b>	15,479	3,682	11,797
<b>(C) Working capital purposes</b>	22,074	22,074	0
<b>Total</b>	133,489	44,221	89,268

The breakdown of working capital utilization is as follows:

<b>Usage of IPO proceeds for working capital</b>	<b>Amount Utilized (RMB'000)</b>
<b>For CO shift catalyst unit and technology implementations</b>	15,868
<b>For expanding sales and marketing capabilities and initiatives</b>	6,206
<b>Total</b>	22,074

- 15) Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

	Engineering Services RMB'000	CSC Business RMB'000	Catalyst Business RMB'000	Total RMB'000
<b>31 December 2017</b>				
<b>Revenue</b>				
External customers	5,361	44,103	13,318	62,782
<b>Total revenue</b>	<b>5,361</b>	<b>44,103</b>	<b>13,318</b>	<b>62,782</b>
<b>Results</b>				
Segment gross profit	3,475	6,442	2,831	12,748
Finance income				3,733
Other income				2,391
Marketing and distribution expense				(4,714)
Administrative expense				(25,743)
Research expense				(4,449)
Other expenses				(16,713)
Finance cost				(458)
<b>Loss before tax</b>				<b>(33,205)</b>
Depreciation and amortization				14,084
<b>Other material non-cash items</b>				
Allowance for impairment of trade receivables, net				16,660
Write-back of allowance for inventory obsolescence				4,155

15) **Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year. (cont'd)**

	Engineering Services RMB'000	CSC Business RMB'000	Catalyst Business RMB'000	Total RMB'000
<b>31 December 2016</b>				
<b>Revenue</b>				
External customers	4,170	53,706	20,644	78,520
<b>Total revenue</b>	<b>4,170</b>	<b>53,706</b>	<b>20,644</b>	<b>78,520</b>
<b>Results</b>				
Segment gross profit	2,500	15,792	9,345	27,637
Finance income				2,865
Other income				3,216
Marketing and distribution expense				(5,571)
Administrative expense				(37,168)
Research expense				(4,328)
Other expenses				(4,763)
Finance cost				(556)
<b>Loss before tax</b>				<b>(18,668)</b>
Depreciation and amortization				15,341
<b>Other material non-cash items</b>				
Allowance for impairment of trade receivables, net				4,257
Write-back of allowance for inventory obsolescence				(309)

16) **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.**

See note 8 above.

17) **A breakdown of sales**

	FY2017 RMB'000	Group FY2016 RMB'000	Increase/ (Decrease) %
(a) Sales reported for the first half of the year	32,792	35,539	-7.7%
(b) Operating loss after tax for the first half year	(5,156)	(11,340)	N.M.
(c) Sales reported for the second half of the year	29,990	42,981	-30.2%
(d) Operating loss after tax for the second half year	(28,049)	(7,427)	N.M.



- 18) **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Not applicable.

- 19) **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(11) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, we confirm that, none of the persons occupying managerial positions in Anchun International Holdings Limited ("the Company") or any of its principal subsidiaries is a relative of a director or chief executive officer or substantial shareholder of the Company.

- 20) **Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)**

The Company has obtained undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

**By Order of the Board**

Xie Ming  
Executive Director and CEO  
1 March 2018