

Response to SGX Queries on 18 April 2019

SGX Query

Material uncertainties relating to Group and Company's abilities to continue as going concerns

1. Please provide the Board's opinion as to whether trading in shares of the Company should be suspended pursuant to Listing Rule 1303(3);
2. Please provide the Board's opinion if the Company will be able to operate as going concern and basis for the Board's view; and
3. Please provide the Board's confirmation as to whether sufficient information has been disclosed to enable trading to continue in an orderly manner.

Company's Response

1. The financial statements of the Company had been prepared on the basis of going concern as indicated in the Company's Annual Report for 2018, page 48, therefore the Board is of the opinion that suspension of trading of shares of the Company pursuant to Listing Rule 1303(3) do not apply.
2. Management had provided the Board with the projected cash flow for the next 12 months, it should also be noted that the Company's Annual Report for 2018 had also shown an excess of current assets (RMB101 million) over current liabilities (RMB47 million) of RMB54 million. Based on the information available, the Board is of the opinion that the Company should be able to operate as a going concern, barring any unforeseen circumstances
3. The Board is not aware of any information that should be disclosed that will affect the trading of the Company's shares in an orderly manner

SGX Query

Recoverability of trade receivables

4. Please disclose the basis of the management's belief that RMB 30,000,000 can be recovered in 2019 from the customer against whom the Group has initiated legal proceeding.

Company's Response

4. Management is engaged in negotiations with the customer and the customer has made an offer on 3 April 2019. In light of the negotiations with the customer and the customer's offer, Management is optimistic about the recovery prospects from the customer.