

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

**Financial Statement and Dividend Announcement for the Second Quarter and Half Year Ended 30 June 2019**

**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 2019</b>	<b>Q2 2018</b>	<b>+/(-) %</b>	<b>1H 2019</b>	<b>1H 2018</b>	<b>+/(-) %</b>
	<b>RMB'000</b>	<b>RMB'000</b>		<b>RMB'000</b>	<b>RMB'000</b>	
Revenue	242,722	623,255	(61.1)	431,832	1,300,498	(66.8)
Cost of sales	(257,921)	(592,512)	(56.5)	(452,125)	(1,242,376)	(63.6)
<b>Gross (loss)/profit</b>	<b>(15,199)</b>	<b>30,743</b>	<b>(149.4)</b>	<b>(20,293)</b>	<b>58,122</b>	<b>(134.9)</b>
Other operating income	11,320	106,160	(89.3)	21,956	117,408	(81.3)
Distribution expenses	(1,621)	(13,608)	(88.1)	(3,600)	(25,964)	(86.1)
Administrative expenses	(33,048)	(41,988)	(21.3)	(59,468)	(72,622)	(18.1)
Other operating expenses	(38,788)	(104,498)	(62.9)	(78,740)	(111,728)	(29.5)
<b>Results from operating activities</b>	<b>(77,336)</b>	<b>(23,191)</b>	<b>233.5</b>	<b>(140,145)</b>	<b>(34,784)</b>	<b>302.9</b>
Finance expenses	(16,677)	(21,084)	(20.9)	(33,493)	(44,843)	(25.3)
<b>Loss before income tax</b>	<b>(94,013)</b>	<b>(44,275)</b>	<b>112.3</b>	<b>(173,638)</b>	<b>(79,627)</b>	<b>118.1</b>
Income tax expense	(251)	(6,181)	(95.9)	(1,738)	(7,643)	(77.3)
<b>Loss for the period</b>	<b>(94,264)</b>	<b>(50,456)</b>	<b>86.8</b>	<b>(175,376)</b>	<b>(87,270)</b>	<b>101.0</b>
<b>Other comprehensive income</b>						
Translation differences relating to financial statements of subsidiaries with functional currencies other than RMB	260	737	(64.7)	38	258	(85.3)
<b>Total comprehensive loss for the period</b>	<b>(94,004)</b>	<b>(49,719)</b>	<b>89.1</b>	<b>(175,338)</b>	<b>(87,012)</b>	<b>101.5</b>
<b>Attributable to:</b>						
Owners of the Company	(93,583)	(49,332)	89.7	(174,453)	(86,158)	102.5
Nom-controlling interests	(421)	(387)	8.8	(885)	(854)	3.6
<b>Total comprehensive loss for the period</b>	<b>(94,004)</b>	<b>(49,719)</b>	<b>89.1</b>	<b>(175,338)</b>	<b>(87,012)</b>	<b>101.5</b>

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

	<b>Q2 2019</b>	<b>Q2 2018</b>	<b>+/(-) %</b>	<b>1H 2019</b>	<b>1H 2018</b>	<b>+/(-) %</b>
	<b>RMB'000</b>	<b>RMB'000</b>		<b>RMB'000</b>	<b>RMB'000</b>	
Interest income	(3,006)	(1,815)	65.6	(5,760)	(3,401)	69.4
Exchange loss/(gain), net	5,032	13,412	(62.5)	2,084	8,888	(76.6)
Depreciation of property, plant and equipment	36,334	34,966	3.9	72,952	69,440	5.1
Amortisation of intangible assets	209	204	2.5	458	401	14.2
Amortisation of lease prepayments	47	1,196	(96.1)	510	1,989	(74.4)
Interest paid and payable	16,677	21,084	(20.9)	33,493	44,843	(25.3)
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**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	Group		Company	
	As at 30 June 2019	As at 31 December 2018	As at 30 June 2019	As at 31 December 2018
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Non-current assets</b>				
Property, plant and equipment	775,720	831,761	25	33
Intangible assets	9,320	9,778	-	-
Land use rights	52,923	53,433	-	-
Subsidiaries	-	-	342,623	342,623
Long-term prepayment	14,856	16,591	-	-
Deferred tax asset	24,430	24,430	-	-
Fixed deposits - pledged	76,739	76,739	-	-
<b>Total non-current assets</b>	<b>953,988</b>	<b>1,012,732</b>	<b>342,648</b>	<b>342,656</b>
<b>Current assets</b>				
Inventories	59,888	56,915	-	-
Trade and other receivables	975,062	914,796	55,566	53,299
Pledged deposits	166,572	203,431	-	-
Cash and bank balances	64,045	73,168	223	810
<b>Total current assets</b>	<b>1,265,567</b>	<b>1,248,310</b>	<b>55,789</b>	<b>54,109</b>
<b>Total assets</b>	<b>2,219,555</b>	<b>2,261,042</b>	<b>398,437</b>	<b>396,765</b>
<b>Equity</b>				
Share capital	291,516	291,516	291,516	291,516
Treasury Shares	(1,575)	(1,575)	(1,575)	(1,575)
Reserves	(302,526)	(128,073)	63,624	63,885
<b>Total equity attributable to equity holders of the Company</b>	<b>(12,585)</b>	<b>161,868</b>	<b>353,565</b>	<b>353,826</b>
<b>Non-controlling interests</b>	<b>(121,804)</b>	<b>(120,919)</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>(134,389)</b>	<b>40,949</b>	<b>353,565</b>	<b>353,826</b>
<b>Non-current liabilities</b>				
Interest bearing liabilities	175,782	194,907	-	-
Deferred tax liabilities	7,500	7,500	-	-
<b>Total non-current liabilities</b>	<b>183,282</b>	<b>202,407</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>				
Trade and other payables	1,508,240	1,358,004	44,872	42,939
Interest-bearing liabilities	439,334	435,352	-	-
Contingent liabilities	222,500	222,500	-	-
Current tax payable	588	1,830	-	-
<b>Total current liabilities</b>	<b>2,170,662</b>	<b>2,017,686</b>	<b>44,872</b>	<b>42,939</b>
<b>Total equity and liabilities</b>	<b>2,219,555</b>	<b>2,261,042</b>	<b>398,437</b>	<b>396,765</b>

**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 2019</b>		<b>As at 31 December 2018</b>	
<b>Secured RMB'000</b>	<b>Unsecured RMB'000</b>	<b>Secured RMB'000</b>	<b>Unsecured RMB'000</b>
439,334	-	435,352	-

**Amount repayable after one year**

<b>As at 30 June 2019</b>		<b>As at 31 December 2018</b>	
<b>Secured RMB'000</b>	<b>Unsecured RMB'000</b>	<b>Secured RMB'000</b>	<b>Unsecured RMB'000</b>
175,782	-	194,907	-

**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 2019 RMB'000</b>	<b>Q2 2018 RMB'000</b>	<b>1H 2019 RMB'000</b>	<b>1H 2018 RMB'000</b>
<b>Operating activities</b>				
Loss before income tax	(94,013)	(44,275)	(173,638)	(79,627)
Adjustments for:				
Interest expense	16,677	21,084	33,493	44,843
Interest income	(3,006)	(1,815)	(5,760)	(3,401)
Amortisation of intangible assets	209	204	458	401
Amortisation of lease prepayments	47	1,196	510	1,989
Depreciation of property, plant and equipment	36,334	34,966	72,952	69,440
Exchange difference	260	737	38	258
Operating (loss)/profit before working capital changes	(43,492)	12,097	(71,947)	33,903
Changes in working capital:				
Inventories	1,849	47,862	(2,973)	32,281
Trade and other receivables	(20,950)	(176,586)	(58,531)	(305,509)
Trade and other payables	113,937	429,881	160,734	546,023
Cash generated from operations	51,344	313,254	27,283	306,698
Income taxes paid	(395)	(6,218)	(2,980)	(17,555)
<b>Cash flows from operating activities</b>	<b>50,949</b>	<b>307,036</b>	<b>24,303</b>	<b>289,143</b>
<b>Investing activities</b>				
Interest received	3,006	1,815	5,760	3,401
Purchase of property, plant & equipment and intangible assets	(21,951)	(9,240)	(27,409)	(16,071)
<b>Cash flows from investing activities</b>	<b>(18,945)</b>	<b>(7,425)</b>	<b>(21,649)</b>	<b>(12,670)</b>
<b>Financing activities</b>				
Proceeds from bank loans	31,569	111,518	205,237	418,619
Repayments of bank loans	(60,415)	(377,474)	(220,380)	(690,053)
Interest paid	(16,677)	(21,084)	(33,493)	(44,843)
Deposits pledged	11,605	(49,438)	36,859	(58,303)
<b>Cash flows from financing activities</b>	<b>(33,918)</b>	<b>(336,478)</b>	<b>(11,777)</b>	<b>(374,580)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,914)</b>	<b>(36,867)</b>	<b>(9,123)</b>	<b>(98,107)</b>
Cash and cash equivalents at beginning of the period	65,959	96,084	73,168	157,324
<b>Cash and cash equivalents at end of the period</b>	<b>64,045</b>	<b>59,217</b>	<b>64,045</b>	<b>59,217</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 2019	291,516	(1,575)	(499)	305,600	(15,604)	(417,570)	161,868	(120,919)	40,949
Total comprehensive loss for the period	-	-	-	-	38	(174,491)	(174,453)	(885)	(175,338)
At 30 June 2019	291,516	(1,575)	(499)	305,600	(15,566)	(592,061)	(12,585)	(121,804)	(134,389)
At 1 January 2018	291,516	(1,575)	(499)	305,600	(16,204)	404,441	983,279	(79,659)	903,620
Total comprehensive loss for the period	-	-	-	-	258	(86,416)	(86,158)	(854)	(87,012)
At 30 June 2018	291,516	(1,575)	(499)	305,600	(15,946)	318,025	897,121	(80,513)	816,608

**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 2019	291,516	(1,575)	63,885	353,826
Total comprehensive loss for the period	-	-	(261)	(261)
At 30 June 2019	291,516	(1,575)	63,624	353,565
At 1 January 2018	291,516	(1,575)	64,426	354,367
Total comprehensive profit for the period	-	-	489	489
At 30 June 2018	291,516	(1,575)	64,915	354,856

- 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 2019. Total number of ordinary shares bought back as at 30 June 2019 amounted to 1,650,000. These shares are held as treasury shares.

	<b>As at 30 June 2019 (‘000)</b>	<b>As at 31 December 2018 (‘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 2019 (‘000)</b>	<b>As at 31 December 2018 (‘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 2019.

- 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 2019	Q2 2018	1H 2019	1H 2018
Earnings per share (RMB cents):-				
Basic and diluted	<u>(17.6)</u>	<u>(9.4)</u>	<u>(32.8)</u>	<u>(16.2)</u>

	Q2 2019 RMB'000	Q2 2018 RMB'000	1H 2019 RMB'000	1H 2018 RMB'000
Basic earnings per share is based on:				
Net loss attributable to ordinary shareholders	<u>(93,843)</u>	<u>(50,069)</u>	<u>(174,491)</u>	<u>(86,416)</u>

	Number of shares			
	Q2 2019 ( '000)	Q2 2018 ( '000)	1H 2019 ( '000)	1H 2018 ( '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.

	<b>Group</b>		<b>Company</b>	
	<b>As at 30 June 2019</b>	<b>As at 31 December 2018</b>	<b>As at 30 June 2019</b>	<b>As at 31 December 2018</b>
Net assets attributable to the shareholders of the Company (RMB'000)	(12,585)	161,868	353,565	353,826
Net asset value per ordinary share (RMB cents)	(2.4)	30.4	66.5	66.5
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

Total revenue in Q2 2019 decreased by RMB380.5 million to RMB242.7 million as compared to RMB623.3 million in Q2 2018. This was mainly due to decrease in revenue from sales of AA and AE by RMB454.9 million which was partially offset by an increase in sales of other chemical products by RMB74.3 million.

The decrease in revenue from AA and AE was mainly attributable to "stop of supply" order implemented against Taixing Jurong by Taixing Sunke resulting in Taixing Sunke stopped supplying AA and AE to the Group. The Group purchased AA and AE from third parties on a case-by-case basis to sell to customers to maintain our market presence in the AA and AE industry. The Group also purchased more other chemical products from related party for onwards sales to third parties which resulted in an increase in sales of other chemical products.

Sale volume of AA and AE decreased from 71,500 tonnes in Q2 2018 to 17,500 tonnes in Q2 2019. Average selling prices of AA and AE also decreased from RMB7,900 per tonne to RMB7,400 per tonne in the same period under review.

### Gross profit

The Group incurred a gross loss of RMB15.2 million in Q2 2019 as compared to a gross profit of RMB30.7 million in Q2 2018. Overall gross margin reduced from a positive of 4.9% in Q2 2018 to a negative of 6.3% in Q2 2019. This was mainly due to the gross loss incurred by Taixing Sunke amounting to RMB18.2 million. Excluding the results from Taixing Sunke, the Group's gross margins from its trading business is positive.

### Other operating income

Other operating income included the following items:-

	<b>Q2 2019 RMB'000</b>	<b>Q2 2018 RMB'000</b>	
Interest income	3,006	1,815	
Income relating to sale of steam and provision of waste water treatment services	5,123	8,516	(a)
Sale of catalyst to Taixing Jinyan	-	94,745	(b)
Others	3,191	1,084	
	<hr/> 11,320	<hr/> 106,160	

(a) This related to sale of steam and provision of waste water treatment services provided by Taixing Sunke.

(b) There was no sale of catalyst to Taixing Jinyan in Q2 2019.

### Distribution expenses

Distribution expenses decreased by RMB12.0 million to RMB1.6 million in Q2 2019 as compared to RMB13.6 million in Q2 2018. Distribution expenses consisted of transportation charges and packaging costs as well as other sales related expenses. These expenses decreased mainly due to lower sale activities in Q2 2019 as compared to Q2 2018.

### Administrative expenses

Administrative expenses decreased by RMB8.9 million to RMB33.0 million in Q2 2019 as compared to RMB42.0 million in Q2 2018. This was mainly due to shutting down of Xiangshui plants as a result of the government order and provision for impairment of the property, plant and equipment in FY2018.

### Other operating expenses

Other operating expenses decreased by RMB65.7 million in Q2 2019 to RMB38.8 million as compared to RMB104.5 million in Q2 2018. These expenses comprised of the following:-

	Q2 2019 RMB'000	Q2 2018 RMB'000	
Costs relating to sale of steam and provision of waste water treatment services	4,391	6,143	(a)
Share of fixed costs, depreciation and amortisation of Taixing Sunke	32,792	-	(b)
Cost of catalyst	-	94,473	(c)
Miscellaneous expenses	1,605	3,882	
	<u>38,788</u>	<u>104,498</u>	

- (a) This related to costs incurred by Taixing Sunke to provide steam and waste water treatment services.
- (b) This related to Taixing Jurong's share of the fixed costs, depreciation and amortisation incurred by Taixing Sunke as a result of "stop of supply" order implemented against Taixing Jurong. This amount was stated after net off the corresponding income recorded under Taixing Sunke. This share of fixed costs, depreciation and amortisation incurred by Taixing Jurong will be ceased upon completion of the disposal of its stake in Taixing Sunke, which is expected to be completed by Q3 2019.
- (c) This related to the cost of catalyst sold to Taixing Jinyan which only incurred in Q2 2018.

### Finance expenses

Finance expenses decreased by RMB4.4 million to RMB16.7 million in Q2 2019 as compared to RMB21.1 million in Q2 2018. This was mainly due to lower outstanding bank borrowings in Q2 2019 when compared to Q2 2018.

### Income tax expense

Income tax expense stood at RMB0.3 million in Q2 2019 notwithstanding the Group was in a loss position mainly due to income tax paid on profit incurred in Taixing Sunke.

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 RMB56.0 million to RMB775.7 million as at 30 June 2019 as compared to RMB831.8 million as at 31 December 2018. This was mainly due to depreciation charge for the period which was mainly offset by acquisition of plant and equipment made by Taixing Sunke.

Inventories increased by RMB3.0 million to RMB59.9 million as at 30 June 2019 as compared to RMB56.9 million as at 31 December 2018. The inventories were mainly carried by Taixing Sunke.

Breakdown of trade and other receivables is as follows:-

	As at 30 June 2019 RMB'000	As at 31 December 2018 RMB'000
Trade receivables:		
- 3rd parties	51,578	53,173
- Related parties	709,360	623,490
Receivable from the joint venture entity	76,607	77,740
Notes receivables	10,000	1,168
Value-added tax recoverable	34,883	37,606
Prepayments, deposits and advances	38,004	56,466
Other receivables	54,630	65,153
	<hr/> 975,062	<hr/> 914,796

Trade and other receivables increased by RMB60.3 million to RMB975.1 million as at 30 June 2019 as compared to RMB914.8 million as at 31 December 2018. This was mainly due to increase in receivables due from related parties and notes receivables. These were partially offset by decrease in other receivables, prepayments, deposits and advances.

Breakdown of the trade receivables from related parties of approximately RMB709.4 million is as follows:-

	RMB'000
Jiangsu Yinyan	131,356
Yixing Danson	263,235
Taixing Jinyan	199,546
Arkema group of companies	115,223
	<hr/> 709,360

The ageing of the trade receivables from related parties as at 30 June 2019 is as follows:-

	RMB'000
Current	118,190
Past due from 1 to 90 days	376,015
Past due from 91 to 180 days	83,799
Past due for more than 180 days	131,356
	<hr/>
	709,360
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Jiangsu Yinyan, Yixing Danson 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.

Pledged deposits decreased by RMB36.9 million to RMB166.6 million as at 30 June 2019 as compared to RMB203.4 million as at 31 December 2018. This was mainly due to decrease in notes payables which required deposits to be pledged with the issuing banks.

Total non-current and current interest-bearing liabilities increased by RMB15.1 million to RMB615.1 million as at 30 June 2019 as compared to RMB630.3 million as at 31 December 2018. This was mainly due to additional banking facilities drawn down by Taixing Sunke which were partially offset by repayments made in Q2 2019.

Breakdown of trade and other payables is as follows:-

	<b>As at 30 June 2019 RMB'000</b>	<b>As at 31 December 2018 RMB'000</b>
Trade payables:		
- 3rd parties	268,833	325,020
- Related parties	214,375	94,479
Payable to the joint venture entity	323,037	229,945
Notes payables	459,140	484,410
Accrued operating expenses	175,991	183,590
Other payables	66,864	40,560
	<hr/> 1,508,240	<hr/> 1,358,004

Trade and other payables increased by RMB150.2 million to RMB1,508.2 million as at 30 June 2019 as compared to RMB1,358.0 million as at 31 December 2018. This was mainly due to an increase in trade payables to related parties and Taixing Sunke as well as other payables. These were partially offset by a decrease in trade payables to third parties.

#### Cash Flow Statement

Our Group generated operating cash flow of RMB50.9 million in Q2 2019 mainly due to depreciation charge for the period, interest expense, a decrease in inventories and an increase in trade and other payables. These were partially offset by loss before income tax, interest income and an increase in trade and other receivables.

Financing activities resulted in negative cash flow of RMB33.9 million in Q2 2019 mainly due to repayments of interest-bearing liabilities and interest paid. These were partially offset by proceeds from interest-bearing liabilities and a decrease in pledged deposits.

There was a net cash outflow of RMB18.9 million in Q2 2019 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 RMB73.2 million as at 31 December 2018 to RMB64.0 million as at 30 June 2019.

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.**

With the “Stop of Supply” order implemented against Taixing Jurong, the shutting down of our Xiangshui plants (as announced in our previous announcements) and the proposed disposal of our entire stake in the joint venture entity, Taixing Sunke, the Management continues to evaluate market situations and options available.

Contingent liabilities included provision made on the guarantees provided by two subsidiaries of the Group to two third parties, namely Jiangsu Dahe and Jiangshu Donglai, for amounts of RMB42.5 million and RMB180.0 million respectively. As announced previously on 10 July 2019, the Audit Committee (the “AC”) wishes to emphasise that the independent assessment and investigation by EY Advisory is still on-going and the AC will continue to work closely with EY Advisory with regard to these two guarantees, and will provide further updates 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 Q2 2018.

**(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 - RMB460,000,000</p> <p>Sale of crude AA to Yixing Danson - RMB124,901,000</p> <p>Purchase of residual crude AA and finished goods from Yixing Danson - RMB1,059,000</p>	-
Taixing Jinyan Chemical Technology Co., Ltd ( <b>"Taixing Jinyan"</b> )	<p>Corporate guarantees in favour of Taixing Jinyan - RMB794,000,000</p> <p>Purchase of chemical products from Taixing Jinyan - RMB120,512,000</p> <p>Sale of AA to Taixing Jinyan - RMB42,259,000</p>	-
Taixing Jinyan Cangchu Co., Ltd. ( <b>"Taixing Cangchu"</b> )	Corporate guarantees in favour of Taixing Cangchu - RMB260,000,000	-
Jiaxing Jinyan Chemical Co., Ltd ( <b>"Jiaxing Jinyan"</b> )	Corporate guarantees in favour of Jiaxing Jinyan - RMB15,000,000	-



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) <sup>(1)</sup>	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 - RMB67,000  Purchase of chemical products from Jiangsu Yinyan - RMB2,847,000	-

**Note:**

As at 30 June 2019, the Management represented that the aggregate amount of the corporate guarantees that the Group provided to Yixing Danson, Taixing Jinyan, Jiaying Jinyan and Taixing Cangchu was approximately RMB1,529,000,000 (2018: RMB1,526,500,000), whilst the aggregate amount of corporate guarantees that these same entities provided to the Group was approximately RMB814,900,000 (2018: RMB769,500,000).

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:

<b>Interested Person</b>	<b>Nature of Interested Person Transaction ("IPT")</b>	<b>Value of IPT for the period as at 30 June 2019</b>	<b>Terms of IPT</b>	<b>Rationale for IPT</b>
Yixing Danson Technology Co., Ltd ("Yixing Danson")	Sale of crude AA	RMB124.9 million	Normal commercial terms	Sales of the Group's end products to downstream customer
	Purchase of residual crude AA and finished goods	RMB1.1 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")	Purchase of chemical products	RMB120.5 million	Normal commercial terms	On-sell to the Group's customers for products not produced by the Group
	Sale of AA	RMB42.3 million	Normal commercial terms	Sales of the Group's end products to downstream customer
Jiangsu Yinyan Specialty Chemical Co., Ltd ("Jiangsu Yinyan")	Sales of chemical products	RMB67,000	Normal commercial terms	Sales of the Group's end products to distributor
	Purchase of chemical products	RMB2.8 million	Normal commercial terms	On-sell to the Group's customers for products not produced by the Group

14. The Directors of the Company do hereby confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the first quarter financial statements ended 30 June 2019 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**  
**12 September 2019**