

SUNVIC CHEMICAL HOLDINGS LIMITED
(Registration Number: 200406502E)

Financial Statement and Dividend Announcement for the First Quarter Ended 31 March 2019

INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FIRST 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.

	Q1 2019	Q1 2018	+/(-)
	RMB'000	RMB'000	%
Revenue	189,110	677,243	(72.1)
Cost of sales	(194,204)	(649,864)	(70.1)
Gross (loss)/profit	(5,094)	27,379	(118.6)
Other operating income	10,636	11,248	(5.4)
Distribution expenses	(1,979)	(12,356)	(84.0)
Administrative expenses	(26,420)	(30,634)	(13.8)
Other operating expenses	(39,952)	(7,230)	452.6
Loss from operations	(62,809)	(11,593)	441.8
Finance costs	(16,816)	(23,759)	(29.2)
Loss before income tax	(79,625)	(35,352)	125.2
Income tax expense	(1,487)	(1,462)	1.7
Loss for the period	(81,112)	(36,814)	120.3
Other comprehensive income			
Translation difference relating to financial statements of foreign subsidiaries with functional currency other than RMB	(222)	(479)	(53.7)
Total comprehensive loss for the period	(81,334)	(37,293)	118.1
Attributable to:			
Owners of the Company	(80,870)	(36,826)	119.6
Non-controlling interests	(464)	(467)	(0.6)
Total comprehensive loss for the period	(81,334)	(37,293)	118.1

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

	Q1 2019 RMB'000	Q1 2018 RMB'000	+/(-) %
Interest income	(2,754)	(1,586)	73.6
Exchange gain, net	(2,948)	(4,524)	(34.8)
Depreciation of property, plant and equipment	36,618	34,474	6.2
Amortisation of land use rights	463	793	(41.6)
Amortisation of intangible assets	249	197	26.4
Interest paid and payable to banks	16,816	23,759	(29.2)

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 31 March 2019	As at 31 December 2018	As at 31 March 2019	As at 31 December 2018
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	790,103	831,761	29	33
Intangible assets	9,529	9,778	-	-
Land use rights	52,970	53,433	-	-
Subsidiaries		-	342,623	342,623
Long-term prepayment	15,734	16,591	-	-
Deferred tax asset	24,430	24,430	-	-
Fixed deposits – pledged	76,739	76,739	-	-
	969,505	1,012,732	342,652	342,656
Current assets				
Inventories	61,737	56,915	-	-
Trade and other receivables	953,234	914,796	53,301	53,299
Pledged deposits	178,177	203,431	-	-
Cash and bank balances	65,959	73,168	75	810
	1,259,107	1,248,310	53,376	54,109
Total assets	2,228,612	2,261,042	396,028	396,765
Equity				
Share capital	291,516	291,516	291,516	291,516
Reserves	(210,518)	(129,648)	62,181	62,310
Total equity attributable to equity holders of the Company	80,998	161,868	353,697	353,826
Non-controlling interests	(121,383)	(120,919)	-	-
Total equity	(40,385)	40,949	353,697	353,826
Non-current liabilities				
Interest bearing liabilities	175,782	194,907	-	-
Deferred tax liabilities	7,500	7,500	-	-
Total non-current liabilities	183,282	202,407	-	-
Current liabilities				
Trade and other payables	1,394,303	1,358,004	42,331	42,939
Interest-bearing liabilities	468,180	435,352	-	-
Contingent liabilities	222,500	222,500	-	-
Current tax payable	732	1,830	-	-
Total current liabilities	2,085,715	2,017,686	42,331	42,939
Total equity and liabilities	2,228,612	2,261,042	396,028	396,765

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

Amount repayable in one year or less, or on demand

As at 31 March 2019		As at 31 December 2018	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
468,180	-	435,352	-

Amount repayable after one year

As at 31 March 2019		As at 31 December 2018	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
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.

	Q1 2019	Q1 2018
	RMB'000	RMB'000
Operating activities		
Loss profit before income tax	(79,625)	(35,352)
Adjustments for:		
Interest expense	16,816	23,759
Interest income	(2,754)	(1,586)
Amortisation of intangible assets	249	197
Amortisation of land use rights	463	793
Depreciation of property, plant and equipment	36,618	34,474
Exchange differences	(222)	(479)
Operating (loss)/profit before working capital changes	(28,455)	21,806
Changes in working capital:		
Inventories	(4,822)	(15,581)
Trade and other receivables	(37,581)	(128,923)
Trade and other payables	46,797	116,142
Cash generated used in operations	(24,061)	(6,556)
Income taxes paid	(2,585)	(11,337)
Cash flows used in operating activities	(26,646)	(17,893)
Investing activities		
Interest received	2,754	1,586
Purchase of property, plant and equipment and intangible assets	(5,458)	(6,831)
Cash flows used in investing activities	(2,704)	(5,245)
Financing activities		
Proceeds from interest-bearing liabilities	173,668	307,101
Repayments of interest-bearing liabilities	(159,965)	(312,579)
Interest paid	(16,816)	(23,759)
Deposits pledged	25,254	(8,865)
Cash flows used in financing activities	22,141	(38,102)
Net decrease in cash and cash equivalents	(7,209)	(61,240)
Cash and cash equivalents at beginning of the period	73,168	157,324
Cash and cash equivalents at end of the period	65,959	96,084

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 2019	291,516	(1,575)	(499)	305,600	(15,604)	(417,570)	161,868	(120,919)	40,949
Total comprehensive income for the period	-	-	-	-	(222)	(80,648)	(80,870)	(464)	(81,334)
At 31 March 2019	291,516	(1,575)	(499)	305,600	(15,826)	(498,218)	80,998	(121,383)	(40,385)
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	-	-	-	-	(479)	(36,347)	(36,826)	(467)	(37,293)
At 31 March 2018	291,516	(1,575)	(499)	305,600	(16,683)	368,094	946,453	(80,126)	866,327

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 2019	291,516	(1,575)	63,885	353,826
Total comprehensive loss for the period	-	-	(129)	(129)
At 31 March 2019	291,516	(1,575)	63,756	353,697
At 1 January 2018	291,516	(1,575)	64,426	354,367
Total comprehensive loss for the period	-	-	(1,034)	(1,034)
At 31 March 2018	291,516	(1,575)	63,392	353,333

- 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 Q1 2019. Total number of ordinary shares bought back as at 31 March 2019 amounted to 1,650,000. These shares are held as treasury shares.

	As at 31 March 2019 (‘000)	As at 31 December 2018 (‘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.**

	Company	
	As at 31 March 2019	As at 31 December 2018
Number of shares excluding treasury shares at the end of the period (‘000)	<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 31 March 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.**

	Group	
	Q1 2019	Q1 2018
Earnings per share (RMB cents):-		
Basic and diluted	<u>(15.2)</u>	<u>(6.8)</u>

	Group	
	Q1 2019	Q1 2018
	RMB'000	RMB'000
Basic earnings per share is based on:		
Net loss attributable to ordinary shareholders of the Company	<u>(80,648)</u>	<u>(36,347)</u>

	No. of shares	
	Q1 2019	Q1 2018
	('000)	('000)
Weighted average number of ordinary shares outstanding at beginning and end of the period	<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 31 March 2019	As at 31 December 2018	As at 31 March 2019	As at 31 December 2018
Net assets attributable to the shareholders of the Company (RMB'000)	80,998	161,868	353,697	353,826
Net asset value per ordinary share (RMB cents)	15.2	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 Q1 2019 decreased by RMB488.1 million to RMB189.1 million as compared to RMB677.2 million Q1 2018. This was mainly due to decrease in revenue from sales of AA and AE as well as other chemical products by RMB414.2 million and RMB73.9 million respectively.

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.

Sale volume of AA and AE decreased from 68,500 tonnes in Q1 2018 to 19,100 tonnes in Q1 2019. Average selling prices of AA and AE remained relatively unchanged at RMB7,400 per tonne in the same period under review.

Gross profit

The Group incurred a gross loss of RMB5.1 million in Q1 2019 as compared to a gross profit of RMB27.4 million in Q1 2018. Sales of AA and AE as well as other chemical products contributed a gross loss of RMB5.2 million and a gross profit of RMB0.1 million respectively.

Overall gross margin reduced from a positive of 4.0% in Q1 2018 to a negative of 2.7% in Q1 2019. This was mainly due to higher cost of goods sold incurred for purchasing of AA and AE from third parties.

Other operating income

Other operating income included the following items:-

	Q1 2019 RMB'000	Q1 2018 RMB'000
Interest income	2,754	1,586
Income relating to sale of steam and provision of waste water treatment services	7,062	8,115 (a)
Others	820	1,547
	10,636	11,248

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

Distribution expenses

Distribution expenses decreased by RMB10.4 million to RMB2.0 million in Q1 2019 as compared to RMB12.4 million in Q1 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 Q1 2019 as compared to Q1 2018.

Administrative expenses

Administrative expenses decreased by RMB4.2 million to RMB26.4 million in Q1 2019 as compared to RMB30.6 million in Q1 2018. This was mainly due to shutting down of Xiangshui plants as a result of the government order.

Other operating expenses

Other operating expenses increased by RMB55.5 million in Q1 2019 to RMB62.7 million as compared to RMB7.2 million in Q1 2018. These expenses comprised of the following:-

	Q1 2019 RMB'000	Q1 2018 RMB'000	
Costs relating to sale of steam and provision of waste water treatment services	5,295	6,086	(a)
Share of fixed costs, depreciation and amortisation of Taixing Sunke	26,445	-	(b)
Waste material treatment charges	4,973	-	(c)
Loss on used materials sold	902	-	(d)
Miscellaneous expenses	2,337	1,144	
	39,952	7,230	

- (a) This related to costs incurred by the joint venture entity 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.
- (c) This related to charges incurred by Taixing Jurong for treatment of waste materials.
- (d) This related to loss on used materials sold by Jiangsu Jurong as the plant was being ordered to shut down.

Finance expenses

Finance expenses decreased by RMB6.9 million to RMB16.8 million in Q1 2019 as compared to RMB23.8 million in Q1 2018. This was mainly due to lower outstanding bank borrowings in Q1 2019 when compared to Q1 2018.

Income tax expense

Income tax expense stood at RMB1.5 million in Q1 2019 notwithstanding the Group was in a loss position mainly due to income tax paid on profit incurred in 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.

Balance sheet

Property, plant and equipment decreased by RMB41.7 million to RMB790.1 million as at 31 March 2019 as compared to RMB831.8 million as at 31 December 2018. This was mainly due to depreciation charge for the period.

Inventories increased by RMB4.8 million to RMB61.7 million as at 31 March 2019 as compared to RMB56.9 million as at 31 December 2018. The inventories were mainly carried by the joint venture entity.

Breakdown of trade and other receivables is as follows:-

	As at 31 March 2019 RMB'000	As at 31 December 2018 RMB'000
Trade receivables:		
- 3rd parties	54,512	53,173
- Related parties	678,018	623,490
Receivable from the joint venture entity	76,731	77,740
Notes receivables	1,270	1,168
Value-added tax recoverable	36,259	37,606
Prepayments, deposits and advances	23,933	56,466
Other receivables	82,511	65,153
	953,234	914,796

Trade and other receivables increased by RMB38.4 million to RMB953.2 million as at 31 March 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 other receivables. These were partially offset by decrease in prepayments, deposits and advances. Included in other receivables as at 31 March 2019 was an amount recorded under Taixing Sunke amounting to RMB61.9 million (2018: RMB40.3 million) relating to share of costs and expenses.

Breakdown of the trade receivables from related parties of approximately RMB678.0 million is as follows:-

	RMB'000
Jiangsu Yinyan	131,356
Yixing Danson	247,871
Taixing Jinyan	162,718
Arkema group of companies	136,073
	678,018

The ageing of the trade receivables from related parties as at 31 March 2019 is as follows:-

	RMB'000
Current	197,342
Past due from 1 to 90 days	306,886
Past due from 91 to 180 days	49,035
Past due for more than 180 days	124,755
	678,018

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 RMB25.3 million to RMB178.2 million as at 31 March 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 RMB13.7 million to RMB644.0 million as at 31 March 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 Q1 2019.

Breakdown of trade and other payables is as follows:-

	As at 31 March 2019 RMB'000	As at 31 December 2018 RMB'000
Trade payables:		
- 3rd parties	276,995	325,020
- Related parties	140,327	94,479
Payable to the joint venture entity	214,751	229,945
Notes payables	468,699	484,410
Accrued operating expenses	237,264	183,590
Other payables	56,267	40,560
	<u>1,394,303</u>	<u>1,358,004</u>

Trade and other payables increased by RMB36.3 million to RMB1,394.3 million as at 31 March 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, accrued operating expenses and other payables.

Included in accrued operating expenses as at 31 March 2019 were accruals made for (i) dismantle and restoration charges of RMB45.5 million (2018: RMB45.5 million); (ii) shares of fixed costs, depreciation and amortisation of Taixing Sunke of RMB137.6 million (2018: RMB89.5 million); and severance compensation of RMB12.7 million (2018: RMB12.7 million).

Cash Flow Statement

Our Group generated negative operating cash flow of RMB26.6 million in Q1 2019 mainly due to loss before income tax, income tax paid and increase in inventories as well as trade and other receivables. These were partially offset by depreciation charge for the period, interest expense and an increase in trade and other payables.

Financing activities resulted in positive cash flow of RMB22.1 million in Q1 2019 mainly due to proceeds from interest-bearing liabilities and a decrease in pledged deposits, which were partially offset by repayments of interest-bearing liabilities.

There was a net cash outflow of RMB2.7 million in Q1 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 RMB66.0 million as at 31 March 2019.

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

-

- 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. 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 Q1 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) ⁽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 - RMB403,000,000 Sale of crude AA to Yixing Danson - RMB70,329,000 Purchase of residual crude AA and finished goods from Yixing Danson - RMB46,000	-
Taixing Jinyan Chemical Technology Co., Ltd ("Taixing Jinyan")	Corporate guarantees in favour of Taixing Jinyan - RMB794,000,000 Purchase of chemical products from Taixing Jinyan - RMB29,129,000 Sale of AA to Taixing Jinyan - RMB34,436,000	-
Taixing Jinyan Cangchu Co., Ltd. ("Taixing Cangchu")	Corporate guarantees in favour of Taixing Cangchu - RMB244,500,000	-
Jiaxing Jinyan Chemical Co., Ltd ("Jiaxing Jinyan")	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) ⁽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 - RMB67,000 Purchase of chemical products from Jiangsu Yinyan - RMB1,432,000	-

Note:

As at 31 March 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 RMB1,456,500,000 (2018: RMB1,526,500,000), whilst the aggregate amount of corporate guarantees that these same entities provided to the Group was approximately RMB771,900,000 (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:

Interested Person	Nature of Interested Person Transaction ("IPT")	Value of IPT for the period as at 31 March 2019	Terms of IPT	Rationale for IPT
Yixing Danson Technology Co., Ltd ("Yixing Danson")	Sale of crude AA	RMB70.3 million	Normal commercial terms	Sales of the Group's end products to downstream customer
	Purchase of residual crude AA and finished goods	RMB46,000	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	RMB29.1 million	Normal commercial terms	On-sell to the Group's customers for products not produced by the Group
	Sale of AA	RMB34.4 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	RMB1.4 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 31 March 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
31 May 2019