



UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3 & Q4), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1a An income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year

<u>Group</u>	Three months ended 31 Mar 2019 US\$'000 (Unaudited)	Three months ended 31 Mar 2018 US\$'000 (Unaudited)	Increase /(decrease) %
Revenue	396,526	451,949	(12)
Cost of sales	(385,509)	(441,482)	(13)
Gross profit	11,017	10,467	5
Other operating income	443	4,677	(91)
Selling and distribution expenses	(10,839)	(10,955)	(1)
Administrative expenses	(1,087)	(1,867)	(42)
Other operating expenses	(239)	(18,635)	(99)
Finance expenses	(692)	(727)	(5)
Share of results of associates and joint ventures	418	(97)	N.M
Loss before income tax	(979)	(17,137)	(94)
Income tax (expense)/credit	(106)	634	N.M
Loss for the period	(1,085)	(16,503)	(93)
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations	(441)	1,441	N.M
Other comprehensive (loss) / income for the period	(441)	1,441	N.M
Total comprehensive loss for the period	(1,526)	(15,062)	(90)
Loss attributable to:			
Owners of the Company	(899)	(15,948)	(94)
Non-controlling interests	(186)	(555)	(66)
Loss for the period	(1,085)	(16,503)	(93)
Total comprehensive income/ (loss) attributable to:			
Owners of the Company	(1,160)	(16,647)	(93)
Non-controlling interests	(366)	1,585	N.M
Total comprehensive loss for the period	(1,526)	(15,062)	(90)

The Group's (loss)/profit before income tax is arrived at after charging / (crediting):

<u>Group</u>	Three months ended 31 Mar 2019 US\$'000 (Unaudited)	Three months ended 31 Mar 2018 US\$'000 (Unaudited)	Increase /(decrease) %
Government credit	-	(5)	N.M
Loss on disposal of property, plant and equipment	-	10	N.M
Interest income	(278)	(128)	117
Depreciation and amortisation	1,797	1,690	6
Allowance for doubtful debts	39	18,352	(100)
Directors' fees	52	56	(7)
Finance expenses	692	727	(5)
Professional fees	470	472	0
Rental expenses	105	851	(88)
Staff costs (including key management personnel compensation)	5,707	5,866	(3)
Travelling expenses	136	168	(19)

N.M : Not Meaningful

1b(i) A balance sheet (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year

	<u>Group</u>		<u>Company</u>	
	31 Mar 2019 US\$'000 (Unaudited)	31 Dec 2018 US\$'000 (Unaudited)	31 Mar 2019 US\$'000 (Unaudited)	31 Dec 2018 US\$'000 (Unaudited)
ASSETS				
Non-current assets:				
Property, plant and equipment	31,993	33,053	-	-
Right-of-use assets	11,579	-	-	-
Intangible assets	8,647	8,755	-	-
Investments in subsidiaries	-	-	50,500	50,500
Investments in associates	12,015	11,821	-	-
Investments in joint ventures	43,669	43,750	-	-
Available-for-sale financial assets	4	16	-	-
Deferred tax asset	1,356	1,373	-	-
Other receivables	300	306	-	-
Total non-current assets	109,563	99,074	50,500	50,500
Current assets:				
Inventories	59,486	45,200	-	-
Trade and other receivables	206,530	177,767	51	49
Amounts due from subsidiaries	-	-	260	251
Amounts due from related companies	2,527	2,402	-	-
Tax recoverable	2,429	2,155	-	-
Cash and cash equivalents	12,127	21,321	-	-
Total current assets	283,099	248,845	311	300
Total assets	392,662	347,919	50,811	50,800
LIABILITIES AND EQUITY				
Current liabilities:				
Provisions	87	86	-	-
Trade and other payables	219,226	218,792	148	335
Derivative financial liabilities	169	29	-	-
Lease liabilities	1,983	-	-	-
Loans and borrowings	43,806	8,955	-	-
Amounts due to holding company	1,500	2,500	-	-
Amounts due to related companies	2,346	1,642	-	-
Amount due to subsidiaries	-	-	430	430
Total current liabilities	269,117	232,004	578	765
Non-current liabilities:				
Provisions	8,679	8,851	-	-
Deferred tax liabilities	4,744	4,222	-	-
Lease liabilities	6,859	-	-	-
Loans and borrowings	13,771	14,360	-	-
Other payables	1,390	1,451	-	-
Total non-current liabilities	35,443	28,884	-	-
Total Liabilities	304,560	260,888	578	765
Equity:				
Share capital	545	545	545	545
Share premium	196,308	196,308	196,308	196,308
Accumulated losses	(128,208)	(128,634)	(146,620)	(146,818)
Foreign currency translation reserve	1,060	1,321	-	-
	69,705	69,540	50,233	50,035
Non-controlling interests	18,397	17,491	-	-
Total equity	88,102	87,031	50,233	50,035
Total liabilities and equity	392,662	347,919	50,811	50,800

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

	<u>Unsecured</u>		<u>Secured</u>	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
	US\$'000	US\$'000	US\$'000	US\$'000
Amount payable in one year or less or on demand	8,719	8,630	37,071	325
Amount payable after one year	20,630	14,359	-	-

Details of any collateral

The secured borrowings of US\$37,070,932 are secured with trade receivables of the subsidiaries.

Contingent liabilities

As at 31 March 2019, the Group has also given guarantees of US\$23.36 million in favour of certain counterparts for a subsidiary and a joint venture company.

1(c) A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year

<u>Group</u>	Three months ended 31 Mar 2019 US\$'000 (Unaudited)	Three months ended 31 Mar 2018 US\$'000 (Unaudited)
Operating activities		
Loss before income tax	(979)	(17,137)
Adjustment for:		
Depreciation and amortisation	1,797	1,690
Loss on disposal of intangible assets, property, plant and equipment	-	10
Fair value measurement on derivative instrument	382	(67)
Allowance for doubtful debts	39	18,352
Interest expenses	461	473
Interest income	(278)	(128)
Share of results of associate and joint venture	(418)	97
Exchange realignment	1,321	10,583
Operating cash flows before changes in working capital	2,325	13,873
Changes in working capital:		
Inventories	(14,847)	2,702
Trade and other receivables	(31,228)	(51,942)
Trade and other payables	(262)	(8,381)
Cash flows used in operations	(44,012)	(43,748)
Income taxes paid	-	(1,694)
Interest paid	(461)	(473)
Interest received	278	128
Net cash flows used in operating activities	(44,195)	(45,787)
Investing activities		
Proceeds from disposal of property, plant and equipment	-	4
Purchases of intangible assets, property, plant and equipment	(841)	(680)
Net cash flows used in investing activities	(841)	(676)
Financing activities		
Repayment of borrowings	(3)	(471)
Repayment of obligation under finance leases	-	(8)
Repayment of lease liabilities	(364)	-
Repayment to holding company	(1,000)	(158)
Proceeds from /(repayment) to related companies	570	(5,980)
Net cash flows used in financing activities	(797)	(6,617)
Net decrease in cash and cash equivalents	(45,833)	(53,080)
Cash and cash equivalents at the beginning of the period	20,996	23,050
Effect of exchange rate changes on cash and cash equivalents	(107)	(10,716)
Cash and cash equivalents at the end of the period	(24,944)	(40,746)
Cash and bank balance	12,127	15,722
Bank overdrafts	(37,071)	(56,468)
Cash and cash equivalents per consolidated statement of cash flows	(24,944)	(40,746)

1d(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.

	Attributable to the owners of the Company						Total equity US\$'000
	Share capital	Share premium	(Accumulated losses)/ retained earnings	Foreign currency translation reserve	Equity attributable to owners of the Company	Non-controlling interests	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
Group							
At 1 January 2019	545	196,308	(128,634)	1,321	69,540	17,491	87,031
Adoption of IFRS 16			1,325		1,325	1,272	2,597
At 1 January 2019-resated	545	196,308	(127,309)	1,321	70,865	18,763	89,628
Loss for the period, representing total comprehensive loss for the period			(899)		(899)	(186)	(1,085)
Exchange differences on translating foreign operations				(261)	(261)	(180))	(441)
Balance at 31 March 2019	545	196,308	(128,208)	1,060	69,705	18,397	88,102
At 1 January 2018	545	196,308	(107,872)	3,801	92,782	14,748	107,530
Loss for the period, representing total comprehensive loss for the period	-	-	(15,948)	-	(15,948)	(555)	(16,503)
Exchange differences on translating foreign operations	-	-	-	(699)	(699)	2,140	1,441
Balance at 31 March 2018	545	196,308	(123,820)	3,102	76,135	16,333	92,468

	Attributable to the owners of the Company			Total equity US\$'000
	Share capital	Share premium	Accumulated losses	
	US\$'000	US\$'000	US\$'000	
Company				
At 1 January 2019	545	196,308	(146,818)	50,035
Profit for the period, representing total comprehensive income for the period	-	-	198	198
Balance at 31 March 2019	545	196,308	(146,620)	50,233
At 1 January 2018	545	196,308	(147,813)	49,040
Profit for the period, representing total comprehensive income for the period	-	-	27	27
Balance at 31 March 2018	545	196,308	(147,786)	49,067

- 1d(ii) Details of any changes in the Company's share capital arising from right 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 corresponding period of the immediately preceding financial year.**

There have been no changes in the Company's share capital since the end of the previous period reported.

The Company did not have any treasury shares, subsidiary holdings or other convertibles as at end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

- 1d(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.**

The total number of issued shares as at end of 31 March 2019 and 31 December 2018 was 4,233,185,850 shares. There were no shares held as treasury shares and the Company does not have any shares that may be issued on conversion of any outstanding convertibles as at 31 March 2019 and 31 December 2018.

- 1d(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.**

Not applicable as the Company does not have any treasury shares.

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

During the financial period, there was no transaction pertaining to subsidiary holdings.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

These figures have neither been reviewed nor audited by the Company's 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 accounting policies and methods of computation applied by the Group are consistent with those used in its most recent audited financial statements as well as all the applicable new/revised International Financial Reporting Standards (IFRS) and IFRS interpretations (INT IFRS) which came into effect for the financial years beginning on or after 1 January 2019.

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.

In the current financial year, the Group has adopted the new and revised IFRS, and INT IFRS that are relevant to its operations and effective for the current financial year. The adoption of these new or revised IFRS or INT IFRS does not have any significant impact on the financial performance or position of the Group except the follow:

IFRS 16- Leases

Before the adoption of IFRS 16, commitments under operating leases for future periods were not recognized by the Group as liabilities. Operating lease rental expenses were recognized in the consolidated income statements over the lease period on a straight-line basis.

On adoption of IFRS 16, the Group recognized the full lease liabilities in relation to leases which had previously been classified as ‘operating leases’ if they met certain criteria set out in IFRS 16.

The liabilities were measured at the present value of the remaining lease payments, discounted using the Group’s incremental borrowing rate. The difference between the present value and the total remaining lease payments represents the cost of financing.

Such finance cost will be charged to the consolidated income statement in the period in which it is incurred using the effective interest method.

The associated right-of-use assets were measured either as if IFRS 16 had been applied from lease commencement using incremental borrowing rate at the date of initial application, which is equivalent to the initial measurement of lease liability adjusted by the amount of any previously recognized prepaid or accrued lease payments relating the lease. The associated right-of-use assets were recognized in the consolidated statement of financial position.

Depreciation is charged on a straight-line basis over the shorter of the asset’s useful life and the lease term.

Cash payments for the settlement of lease liabilities were reported as cash flows from financing activities. The total net cash flows of the Group are unaffected.

The Group has applied the simplified transition approach and has not restated comparative amounts for the year prior to first adoption. Instead, on 1 January 2019 the cumulative effect of applying the standard is recognized on the Statement of Financial Position as right-of-use assets and lease liabilities and include an adjustment to opening balance of retained earnings for certain properties on 1 January 2019. The differences from the Statement of Financial Position as previously reported at 31 December 2018 are as follows.

	<u>1 January 2019</u>
	US\$’000
	Unaudited
Increase in right of use assets	11,803
Increase in lease liabilities:	
Current	(2,347)
Non- current	(6,859)
	<u>2,597</u>
Increase in retained earnings	<u>2,597</u>
Increase in total equity	<u><u>2,597</u></u>

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:**

	<u>Group</u>	
	Three months ended	
	31 Mar 2019	31 Mar 2018
	US\$	US\$
Loss attributable to owners of the Company	(899,251)	(15,947,692)
Losses per ordinary share	US Cents	US Cents
(a) Based on the weighted average number of ordinary shares in issue; and	(0.021)	(0.377)
Weighted average number of ordinary shares in issue	4,233,185,850	4,233,185,850
(b) On a fully diluted basis	(0.021)	(0.377)
Weighted average number of ordinary shares in issue	4,233,185,850	4,233,185,850

7. **Net assets 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.**

	<u>Group</u>		<u>Company</u>	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
	US cents	US cents	US cents	US cents
Net assets value per ordinary shares	<u>1.647</u>	<u>1.643</u>	<u>1.187</u>	<u>1.182</u>

The calculation of net asset value per ordinary share is based on the Group's net assets of approximately US\$ 69,704,407 as at 31 March 2019 (31 December 2018: US\$ 69,540,202) and the Company's net assets of approximately US\$50,233,742 as at 31 March 2019 (31 December 2018: US\$50,035,363) and share capital of 4,233,185,850 shares (31 December 2018: 4,233,185,850 shares).

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**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Review of the Group’s financial performance

The Group’s revenue decreased by 12.26% from US\$451.95 million for the three months ended 31 March 2018 (“**3M 2018**”) to US\$396.53 million for the three months ended 31 March 2019 (“**3M 2019**”), due to decline in the distribution and wholesale segments.

The breakdown of the business segment results are as follows:

	Three months ended 31 Mar 2019	Three months ended 31 Mar 2018
<u>Revenue</u>	US\$’000	US\$’000
Distribution	396,526	433,616
Wholesale	-	18,333
	<u>396,526</u>	<u>451,949</u>

The total gross profit is US\$11.02 million for the 3M 2019, an increase of US\$0.55 million or 5% compared to US\$10.47 million for 3M 2018, due to the higher profit margin generated from the distribution business.

Other operating income for 3M 2019 is US\$0.44 million, a decrease of US\$4.23 million or 91% compared to US\$4.68 million for 3M 2018 mainly due to service income earned from AnAn Group (Singapore) Pte Ltd in 3M 2018 and not repeated in 3M 2019.

Selling and distribution expenses in 3M 2019 is US\$10.84 million as compared to US\$10.96 million for 3M 2018, a decrease of 1%, Administrative expenses decreased by 41.78% to US\$1.09 million in 3M 2019, as compared to US\$1.87 million in 3M 2018 mainly due to the cost cutting measures undertaken since the last financial year. Other operating expenses in 3M 2019 is US\$0.24 million (3M 2018: US\$18.64 million). The reduction was mainly due to the allowance for receivables from Shanghai Huaxin Group (Hong Kong) Limited amounting of US\$18.33 million in 3M 2018. Finance expenses of US\$0.7 million in 3M 2019 decreased by 5.23% from US\$0.73 million in 3M 2018, mainly due to reduction of interest expenses from bank borrowings. The share of profits of associates and joint ventures is US\$0.42 million in 3M 2019 as compared to share of losses of US\$0.10 million in 3M 2018, mainly due to the profits from the joint venture in China.

The Group’s net loss for 3M 2019 is US\$1.08 million as compared to net loss of US\$16.50 million for 3M 2018, mainly attributable to higher gross profit and the profit from joint venture with China, coupled with the reduced allowance for the trade receivables from a related party.

Review of the Group's financial position

The Group's non-current assets stand at US\$109.56 million as at 31 March 2019 compared to US\$99.07 million as at 31 December 2018, comprising of the property, plant and equipment of US\$31.99 million, right-of-use assets of US\$11.58 million, intangible assets of US\$8.65 million, investments in associates and joint ventures of US\$55.68 million, deferred tax assets of US\$1.36 million and other receivables of US\$0.30 million. The increase of US\$10.49 million was mainly attributable to the lease assets recognised under the adoption of IFRS 16.

The current assets stand at US\$283.10 million as at 31 March 2019 compared to US\$248.85 million as at 31 December 2018, comprising of the inventories of US\$59.49 million, trade and other receivables of US\$206.53 million, amount due from related companies of US\$2.53 million, tax recoverable of US\$2.43 million and cash and cash equivalents of US\$12.13 million. Overall, the increase of US\$34.25 million in current assets was mainly due to (i) an increase of US\$28.76 million in trade and other receivables as at 31 March 2019 from US\$177.77 million as at 31 December 2018, which mainly resulted from (i) better collection from trade customers of which the receipts were used in Q4 2018 to reduce bank borrowings and (ii) an increase of US\$14.29 million in inventories. The increase resulted from above was partially offset by a decrease in cash and cash equivalent of US\$9.19 million.

The current liabilities stand at US\$269.12 million as at 31 March 2019 compared to US\$232 million as at 31 December 2018, comprising the trade and other payables of US\$219.23 million, derivative financial liabilities of US\$0.17 million, loans and borrowings of US\$43.81 million, lease liabilities of US\$1.98 million, amount due to holding company of US\$1.5 million and amount due to related companies of US\$2.35 million. The increase of US\$37.11 million in current liabilities was mainly due to an increase in loans and borrowings of US\$34.85 million for working capital and lease liabilities of US\$1.98 million.

The non-current liabilities increased from US\$28.88 million as at 31 December 2018 to US\$35.53 million as at 31 March 2019, which consists of the provision of US\$8.8 million, deferred tax liabilities of US\$4.7 million, loans and borrowings of US\$13.77 million, lease liabilities of US\$6.86 million and other payables of US\$1.39 million. The increase was mainly attributable to the recognition of lease liabilities following the adoption of IFRS 16.

The Group's total liabilities increased by 16.74% or US\$43.67 million from US\$260.89 million as at 31 December 2018 to US\$304.56 million as at 31 March 2019.

The Group's net assets stand at US\$69.71 million as at 31 March 2019, or 1.647 US cents per share, compared to US\$69.54 million as at 31 December 2018 or 1.643 US cents per share.

Review of the Group's cash flows

The Group records a net cash flows used in operating activities of US\$44.20 million in 3M 2019 compared to a net cash flows used in operating activities of US\$45.79 million in 3M 2018. The net cash flows used in investing activities for 3M 2019 was US\$0.84 million which was mainly due to purchases of intangible assets, property, plant and equipment. The net cash flows used in financing activities were US\$0.80 million for 3M 2019 compared to a net cash flows used in financing activities of US\$6.62 million in 3M 2018, mainly due to the reduction in the holding and related companies by a total of US\$5.7 million.

As a result of the above, the Group's cash and cash equivalents in the consolidated statement of cashflows comprised cash and bank balances of US\$12.13 million and bank overdrafts of US\$37.07 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.

No forecast or prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

The Company has previously announced that the High Court of Hong Kong Special Administrative Region had on 3 September 2018 made a winding-up order of Shanghai Huaxin Group (Hong Kong) Limited (“CEFC HK”), a former trading partner of Singapore AnAn Petrochemical & Energy Pte Ltd (“SPE”). Mr Donald Edward Osborn and Mr So Man Chun of PricewaterhouseCoopers Ltd (Hong Kong) were appointed as the joint and several Liquidators of CEFC HK on 25 March 2019. SPE had on 30 April 2019 submitted its proposal to be a member of the CEFC HK (In Liquidation)’s Committee of Inspection (“COI”) to the Liquidators. The Liquidators and the Official Receiver had subsequently submitted their respective reports on the composition of the COI, together with the creditors’ submissions to the Court on 14 May 2019 and 21 June 2019. The Official Receiver’s report makes the preliminary recommendation to appoint the statutory maximum number of 7 members in the COI, of which SPE is one of the nominated candidates. The next hearing is scheduled for 19 September 2019.

In the last announcement, the Company has stated that AnAn Group was vigorously pursuing the appeal against the winding up order on the grounds that the alleged claim by VTB was disputed and accordingly, there should be no basis for a winding up order.

On or around 22 March 2019, AnAn Group filed an application to adduce new evidence in the Appeal (“Sum 33”). The new evidence sought to be adduced is a valuation report prepared by Deloitte & Touche Financial Advisory Services Pte Ltd. AnAn Group seeks to use the report to support its position that when VTB had issued the notice of default on or around 24 April 2018, the EN+ GDRs were significantly more valuable than what VTB had calculated them to be.

The Court of Appeal allowed AnAn Group’s application in Sum 33 and stated that "... if the valuation of the GDRs in the Deloitte Report were to be adopted, it would follow that no debt would be owing to VTB. Further, if the quantum of the debt was considerably lower than the US\$170m claimed by VTB in the statutory demand, it cannot be assumed that Anan would not be able to either top up the collateral or to pay off the reduced debt."

The appeal is currently scheduled to be heard sometime in or around November 2019.

11. Dividend

(a) Current financial period reported on

None.

Corresponding period of the immediately preceding financial year

None.

Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared or recommended, a statement to that effect.

No dividend has been declared or recommended.

13. If the Group has obtained a general mandate from the Shareholder for IPTs, the aggregate value of such transactions as required under Rule 902 (1)(a) (ii). If no IPT mandate has been obtained, please make a statement to that effect

The Group does not have a general mandate from shareholders for interested person transactions.

As disclosed in the Company's announcement previously, AnAn Group had during April 2018 assumed a debt owed by a third-party counterparty to SPE in the US dollar equivalent of RMB70,000,000, in exchange for said third-party counterparty owing the same amount to AnAn Group. The Company and SPE agreed to set off the amount of US\$7,260,839 owed to them by AnAn Group. After such set off, AnAn Group also made a payment of US\$2,500,000 as part payment of its outstanding debt owed to SPE. By letter dated 26 September 2018, the liquidators of AnAn Group informed the Company that they reserved their rights in respect of the payment of US\$2,500,000 made by AnAn Group to the Company on or around 27 August 2018. On 22 February 2019, the Board approved a repayment schedule of US\$2,500,000 to AnAn Group. On 18 March 2019, SPE partially repaid US\$1,000,000 of the outstanding amount of US\$2,500,000.

14. Negative confirmation pursuant to Rule 705(5)

We, Zang Jian Jun and Ling Chi, being two directors of the Company, do hereby confirm on behalf of the Board of Directors of the Company, that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the financial period ended 31 March 2019 to be false or misleading in any material aspect.

15. 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 confirms that it has procured undertakings from all its directors and executive offices in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Zang Jian Jun
Executive Chairman