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三江化工

SANJIANG CHEMICAL

CHINA SANJIANG FINE CHEMICALS COMPANY LIMITED

中國三江精細化工有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2198)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

The board (the “**Board**”) of directors (the “**Directors**”) of China Sanjiang Fine Chemicals Company Limited (the “**Company**”) wishes to announce the unaudited consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2019.

RESULTS HIGHLIGHTS	6 months ended 30 June 2019 RMB'000	6 months ended 30 June 2018 RMB'000	2019 1H vs. 2018 1H Change %
Revenue	4,190,077	4,741,594	-11.6%
Gross profit	206,338	557,703	-63.0%
Net profit attributable to shareholders	32,275	244,296	-86.8%
Earnings per share — Basic (<i>RMB</i>)	3.15 fens	23.80 fens	-86.8%
Interim dividend per share (<i>HK\$</i>)	5.0 cents	10.0 cents	-50.0%
Gross profit margin (%)	4.9%	11.8%	-6.9%
Gearing-interesting-bearing borrowings to total asset basis	35.2%	31.7%	3.5%

MANAGEMENT DISCUSSION AND ANALYSIS

During the six months ended 30 June 2019 (the “**period under review**”), revenue of the Group decreased by approximately 11.6%, primarily resulted from the combined effects of:- 1) the decrease in output of ethylene glycol (“**EG**”) by approximately 34.5% as the 5th phase EO/EG production facility was suspended operation during January and February 2019 due to a regular repair and maintenance process and the price volatility of EG during the period under review also stalled demands for EG; 2) the decrease in average selling price of ethylene oxide (“**EO**”), EG and PP by a range from approximately 7.7% to approximately 36.4% in the first half of 2019 when comparing to the corresponding period of 2018; and 3) the increase in output of polypropylene (“**PP**”) by approximately 77.4%, primarily due to the full year effect of the completion of the ramp-up of the 2nd Phase PP production facility, which provides a 300,000MT production capacity increment on a yearly basis, in April 2018. Overall gross profit margin of the Group decreased by approximately 6.9% and net profit attributable to shareholders was approximately RMB32.3 million and basic earnings per share was approximately RMB3.15 cents, for the six months ended 30 June 2019, representing decreases of approximately 86.8% and 86.8% respectively as compared with the first half of 2018.

The average selling price of EG experienced a significant price slump by approximately 36% (on a simple average basis) in the first half of 2019 when comparing to the corresponding period of 2018, which was primarily because the downstream manufacturers lowered their production capacities and the demands of EG in view of the price volatility of major commodities during the first half of 2019 and it dragged down the average selling price of EO by approximately 26% (on a simple average basis) during the same period of time as the EO and EG come from the same kind of feedstocks and the pricing EO and EG are highly correlated.

Although the average selling prices of EO and EG experienced a substantial price decrease, there have been some positive developments as to Methanol pricing, which is considered as one of the dominant factors that affects the profitability of the Group as Methanol cost counts approximately two-third towards the feedstock procurement cost of the Group on a full production capacity basis. During the period under review, Methanol pricing came down to a level of approximately RMB2,200/MT on a simple average basis from approximately RMB3,242/MT of the corresponding period of 2018.

The Group is also expecting a number of upsides in the second half of 2019, including but not limited to, the pricing of major commodities and ethylene glycol have shown signals of rebounding from the bottom, the pricing of Methanol has been staying in a relatively low level and the fact that the Group’s PP line of business achieved a substantial gross margin increase to a gross profit margin of 3.9% from a gross loss margin position of -9.9% during the first half of 2019 when comparing to the corresponding period of 2018 which denominated the Group’s well-established and usual strategies that being a diversified vertical-integrated chemical group will, on a medium term basis, enable the Group to be benefited and outperforms the other chemical players in the industry.

The Board has recommended an interim dividend of HK5.0 cents per share, representing a dividend payout ratio of approximately 165.0% calculated based on the net profit attributable to shareholders for the period under review.

FINANCIAL REVIEW

Revenue

The breakdown by line of business in terms of revenue, sales volume, average selling price and gross profit margin during the periods under review are set forth below:

	First Half year 2019	% of revenue	First Half year 2018	% of revenue	Variance +/(-)
REVENUE (RMB'000)					
Ethylene oxide	1,054,980	25%	1,482,171	31%	-28.8%
Ethylene glycol	520,321	12%	1,248,836	26%	-58.3%
Polypropylene	1,675,397	40%	1,022,375	22%	63.9%
Surfactants	392,992	9%	397,690	8%	-1.2%
MTBE/C4	213,926	5%	275,446	6%	-22.3%
C5	176,001	4%	96,025	2%	83.3%
Polypropylene processing service	30,681	1%	15,450	—	98.6%
Surfactants processing service	18,228	—	16,517	—	10.4%
Others	107,551	4%	187,084	5%	-42.5%
	<u>4,190,077</u>	<u>100%</u>	<u>4,741,594</u>	<u>100%</u>	<u>-11.6%</u>
SALES VOLUME (MT)					
Ethylene oxide	156,796		163,497		-4.1%
Ethylene glycol	126,618		193,430		-34.5%
Polypropylene	235,568		132,753		77.4%
Surfactants	49,267		44,900		9.7%
MTBE/C4	45,561		52,786		-13.7%
C5	46,160		17,718		160.5%
Polypropylene processing service	56,988		27,326		108.5%
Surfactants processing service	56,176		50,963		10.2%
AVERAGE SELLING PRICE (RMB)					
Ethylene oxide	6,728		9,065		-25.8%
Ethylene glycol	4,109		6,456		-36.4%
Polypropylene	7,112		7,701		-7.7%
Surfactants	7,977		8,857		-9.9%
MTBE/C4	4,695		5,218		-10.0%
C5	3,813		5,420		-29.6%
Polypropylene processing service	538		565		-4.8%
Surfactants processing service	324		324		—
GROSS PROFIT MARGIN (%)					
Ethylene oxide	7.0%		18.8%		-11.8%
Ethylene glycol	-6.3%		19.4%		-25.7%
Polypropylene	3.9%		-9.9%		13.8%
Surfactants	12.0%		19.7%		-7.7%
MTBE/C4	-1.1%		8.0%		-9.1%
C5	-1.0%		-1.4%		0.4%
Polypropylene processing service	56.3%		54.1%		2.2%
Surfactants processing service	78.1%		65.3%		12.8%

Ethylene oxide

During the period under review, the revenue from EO line of business amounted to approximately RMB1,055.0 million, representing a decrease of approximately 28.8% when comparing to the corresponding period of 2018. The decrease in EO revenue was primarily due to the decrease in average selling price of EO by approximately 25.8% as the average selling price of Ethylene decreased by approximately 20.8% (on a simple average basis).

Ethylene glycol

During the period under review, the revenue from EG line of business amounted to approximately RMB520.3 million, representing a decrease of approximately 58.3% when comparing to the corresponding period of 2018. The decrease in EG revenue was primarily due to the combined effects of the decrease in average selling price of EG by approximately 36.4% as the average selling price of Ethylene decreased by approximately 20.8% (on a simple average basis) and the decrease in sale volume of EG by approximately 34.5% during the period under review as the 5th phase EO/EG production facility was suspended operation during January and February 2019 due to a regular repair and maintenance process and the price volatility of EG during the period under review also stalled demands for EG.

Polypropylene

During the period under review, the revenue from PP line of business increased by approximately 63.9% when compared to the corresponding period of 2018, which was primarily resulted from the increase in sale volume of PP by approximately 77.4% during period under review, primarily due to the full year effect of the completion of the ramp-up of the 2nd Phase PP production facility, which provides a 300,000MT production capacity increment on a yearly basis, in April 2018.

Gross profit margin

Overall gross profit margin decreased by approximately 6.9%, primarily resulted from the decrease in average selling price of EO, EG and PP by a range from approximately 7.7% to approximately 36.4% in the first half of 2019 when comparing to the corresponding period of 2018.

Administrative expenses

Administrative expenses mainly consist of staff related costs, various local taxes and educational surcharge, depreciation, audit fee and miscellaneous expenses. The decrease in administrative expenses by RMB34.3 million for the period under review was primarily due to the decrease in staff related costs and repair and maintenance costs.

Income tax expense

Corporate income tax paid or payable for the first half of 2019 accounted for approximately 93.2% of net profit for the period, which was higher than the normal level of effective tax rate of around 19% to 20%. The higher of effective tax rate was primarily due to the unrecognized deferred tax assets of approximately RMB33.9 million in respect of available tax losses incurred during the period under review.

CONDENSED CONSOLIDATED STATEMENT OF FINANCE POSITION

At 30 June 2019 — unaudited

		30 June 2019	31 December 2018
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		5,157,042	5,239,614
Right-of-use assets		438,339	—
Prepaid land lease payments		—	329,958
Intangible assets		161,495	173,486
Advance payments for property, plant and equipment		45,232	221,921
Equity investments designated at fair value through other comprehensive income		3,470	3,114
Deferred tax assets		11,338	11,629
		<u>5,816,916</u>	<u>5,979,722</u>
Total non-current assets			
CURRENT ASSETS			
Inventories	11	1,058,161	1,164,328
Trade and notes receivables	12	666,311	522,701
Prepayments, other receivables and other assets		525,268	256,114
Due from related parties	16	641	6,092
Financial assets at fair value through profit or loss	10	405,208	339,881
Derivative financial instruments		3,012	736
Pledged deposits	13	612,645	659,000
Cash and cash equivalents	13	732,034	453,556
		<u>4,003,280</u>	<u>3,402,408</u>
Total current assets			
CURRENT LIABILITIES			
Trade and bills payables	14	1,766,514	1,570,214
Other payables and accruals		725,842	798,867
Derivative financial instruments		3,970	—
Interest-bearing bank borrowings	15	3,460,936	3,059,725
Lease liabilities		693	—
Due to related parties	17	267,628	235,705
Tax payable		88,559	110,094
		<u>6,314,142</u>	<u>5,774,605</u>
Total current liabilities			
NET CURRENT LIABILITIES		<u>(2,310,862)</u>	<u>(2,372,197)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,506,054</u>	<u>3,607,525</u>

	30 June 2019 RMB'000	31 December 2018 <i>RMB'000</i>
NON-CURRENT LIABILITIES		
Lease liabilities	2,254	—
Deferred tax liabilities	7,393	13,150
	<u>9,647</u>	<u>13,150</u>
Total non-current liabilities	9,647	13,150
	<u>3,496,407</u>	<u>3,594,375</u>
Net assets		
EQUITY		
Equity attributable to owners of the parent		
Issued capital	102,662	102,662
Reserves	3,432,851	3,501,473
	<u>3,535,513</u>	<u>3,604,135</u>
Non-controlling interests	(39,106)	(9,760)
	<u>3,496,407</u>	<u>3,594,375</u>
Total equity		

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2019 — unaudited

		Six months ended 30 June	
		2019	2018
	Notes	RMB'000	RMB'000
REVENUE	4	4,190,077	4,741,594
Cost of sales	6	<u>(3,983,739)</u>	<u>(4,183,891)</u>
Gross profit		206,338	557,703
Other income and gains	4	98,447	517,439
Selling and distribution cost		(13,122)	(11,695)
Administrative expenses		(134,067)	(168,351)
Other expenses	4	(29,973)	(564,588)
Finance costs	5	(86,782)	(63,826)
Reversal of impairment losses on financial assets		<u>2,435</u>	<u>—</u>
PROFIT BEFORE TAX	6	43,276	266,682
Income tax expense	7	<u>(40,347)</u>	<u>(77,193)</u>
PROFIT FOR THE PERIOD		<u>2,929</u>	<u>189,489</u>
Attributable to:			
Equity holders of the parent		32,275	244,296
Non-controlling interests		<u>(29,346)</u>	<u>(54,807)</u>
		<u>2,929</u>	<u>189,489</u>
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	8		
— Basic		<u>3.15 fens</u>	<u>23.80 fens</u>
— Diluted		<u>3.15 fens</u>	<u>23.76 fens</u>
INTERIM DIVIDEND DECLARED FOR THE PERIOD	9	<u>53,254</u>	<u>103,826</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019 — unaudited

	Six months ended 30 June	
	2019	2018
Notes	RMB'000	RMB'000
Net cash flows in respect of operating activities	191,468	682,718
Net cash flows in respect of investing activities	(138,207)	(671,120)
Net cash flows in respect of financing activities	<u>225,186</u>	<u>246,570</u>
Net increase in cash and cash equivalents	278,447	258,168
Cash and cash equivalents at beginning of period	453,556	273,678
Effect of foreign exchange rate change, net	<u>31</u>	<u>(1,592)</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	13 <u>732,034</u>	<u>530,254</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2019 — unaudited

	Attributable to owners of the parent												
	Share Capital	Statutory surplus & safety production reserve	Special reserve	Share premium	Capital redemption reserve	Financial assets at fair value through other comprehensive income revaluation reserve	Merger reserve	Share award reserve	Shares repurchased for share award plan	Retained 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	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2019	102,662	545,845	(10,688)	1,352,311	2,371	2,114	(627,092)	—	(14,659)	2,251,271	3,604,135	(9,760)	3,594,375
Profit for the period	—	—	—	—	—	—	—	—	—	32,275	32,275	(29,346)	2,929
Change in fair value, net of tax	—	—	—	—	—	356	—	—	—	—	356	—	356
Total comprehensive income for the period	—	—	—	—	—	356	—	—	—	32,275	32,631	(29,346)	3,285
Appropriation to statutory surplus/safety production reserve	—	44,906	—	—	—	—	—	—	—	(44,906)	—	—	—
Safety production reserve used	—	(2,446)	—	—	—	—	—	—	—	2,446	—	—	—
2018 final dividend paid	—	—	—	—	—	—	—	—	—	(101,763)	(101,763)	—	(101,763)
Equity-settled share award arrangement	—	—	—	—	—	—	—	—	510	—	510	—	510
At 30 June 2019	102,662	588,305	(10,688)	1,352,311	2,371	2,470	(627,092)	—	(14,149)	2,139,323	3,535,513	(39,106)	3,496,407
At 1 January 2018	102,662	464,762	(10,688)	1,353,639	2,371	922	(627,092)	4,520	(19,764)	2,157,362	3,428,694	87,963	3,516,657
Profit for the period	—	—	—	—	—	—	—	—	—	244,296	244,296	(54,807)	189,489
Adoption of new accounting standards	—	—	—	—	—	2,779	—	—	—	—	2,779	—	2,779
Change in fair value, net of tax	—	—	—	—	—	(1,495)	—	—	—	—	(1,495)	—	(1,495)
Total comprehensive income for the period	—	—	—	—	—	1,284	—	—	—	244,296	245,580	(54,807)	190,773
Appropriation to statutory surplus/safety production reserve	—	48,780	—	—	—	—	—	—	—	(48,780)	—	—	—
Safety production reserve used	—	(7,242)	—	—	—	—	—	—	—	7,242	—	—	—
2017 final dividend paid	—	—	—	—	—	—	—	—	—	(120,991)	(120,911)	—	(120,911)
Equity-settled share award arrangement	—	—	—	—	—	—	—	563	(3,312)	—	(2,749)	—	(2,749)
At 30 June 2018	102,662	506,300	(10,688)	1,353,639	2,371	2,206	(627,092)	5,083	(23,076)	2,239,129	3,550,534	33,156	3,583,690

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

The Company was incorporated with limited liability in the Cayman Islands on 30 January 2009. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company and its subsidiaries (the “**Group**”) was principally engaged in the manufacture and supply of ethylene oxide (“**EO**”), ethylene glycol (“**EG**”), polypropylene (“**PP**”), methyl tert-butyl ether (“**MTBE**”) and surfactants in the PRC. The Group was also engaged in the provision of processing services for PP, MTBE and surfactants to its customers and the production and supply of other chemical products such as C4, crude pentene and industrial gases, namely oxygen, nitrogen and argon in the PRC. EO is a key intermediary component for the production of ethylene derivative products such as ethanolamines and glycol ethers and a wide range of surfactants. EG is a type of semi-finished goods that is used to produce other bio-organic chemical products such as mono ethylene glycol which is used to produce polyester and anti-frozen chemical liquids. PP is a kind of thermoplastic resin, which can be used in knitting products, injection molding products, film products, fiber products, pipes etc. Surfactants are widely applied in different industries as scouring agents, moisturising agents, emulsifiers and solubilisers. MTBE is a gasoline additive, used as an oxygenate to raise the octane number and is almost exclusively used as a fuel component in fuel for gasoline engines.

2.1 BASIS OF PRESENTATION AND PREPARATION

The Group’s unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting*. The Group’s unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2018. The accounting policies adopted in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2018. The unaudited condensed consolidated interim financial statements have been prepared under the historical cost convention. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated. The Group’s unaudited condensed consolidated interim financial statements have been reviewed by the audit committee of the Company.

Going concern assumption

As at 30 June 2019, the Group’s net current liabilities amounted to approximately RMB2,310,862,000. The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations and sufficient financing to meet its financial obligations as and when they fall due. In preparing the financial statements, the directors of the Company have considered the Group’s sources of liquidity and believe that adequate funding is available to fulfill the Group’s debt obligations and capital expenditure requirements. Accordingly, the consolidated financial statements have been prepared on a basis that the Group will be able to continue as a going concern.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") effective as of 1 January 2019.

Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation</i>
HKFRS 16	<i>Leases</i>
Amendments to HKAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements 2015–2017 Cycle</i>	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Other than as explained below regarding the impact of HKFRS 16 Leases, the new and revised standards are not relevant to the preparation of the Group's interim condensed consolidated financial information. The nature and impact of the new and revised HKFRSs are described below:

- (a) HKFRS 16 replaces HKAS 17 Leases, HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases — Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17.

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

As a lessee — Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of buildings. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for elective exemption for leases of short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position. No lease assets recognised previously under finance leases were included.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease
- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application

The impacts arising from the adoption of HKFRS 16 as at 1 January 2019 are as follows:

	Increase/ (decrease) RMB'000 (Unaudited)
Assets	
Increase in right-of-use assets	354,489
Decrease in prepaid land lease payments	(329,958)
Decrease in prepayments, other receivables and other assets	<u>(7,832)</u>
Increase in total assets	<u><u>16,699</u></u>
Liabilities	
Increase in lease liabilities	<u>16,699</u>
Increase in total liabilities	<u><u>16,699</u></u>

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is as follows:

	<i>RMB'000</i> (Unaudited)
Operating lease commitments as at 31 December 2018	19,954
Weighted average incremental borrowing rate as at 1 January 2019	<u>4.12%</u>
Discounted operating lease commitments as at 1 January 2019	17,669
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 December 2019	<u>(970)</u>
Lease liabilities as at 1 January 2019	<u><u>16,699</u></u>

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 January 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases, to lease buildings for additional terms of ten years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. It considers all relevant factors that create an economic incentive for it to exercise the renewal. After the lease commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within the control of the Group and affects its ability to exercise the option to renew.

Amounts recognised in the interim condensed consolidated statement of financial position and profit or loss

The carrying amounts of the Group's right-of-use assets and lease liabilities, and the movement during the period are as follow:

	Right-of-use assets			Lease liabilities RMB'000
	Land use rights RMB'000	Buildings RMB'000	Total RMB'000	
As at 1 January 2019	337,790	16,699	354,489	16,699
Additions	101,676	—	101,676	—
Remeasured for a change in the lease term	—	(13,013)	(13,013)	(13,013)
Depreciation charge	(4,478)	(335)	(4,813)	—
Interest expense	—	—	—	75
Payments	—	—	—	(814)
As at 30 June 2019	434,988	3,351	438,339	2,947

The Group recognised rental expenses from short-term leases of RMB569,000 for the six months ended 30 June 2019.

3 SEGMENT INFORMATION

For management purpose, the Group did not organise into business units based on their products and services and only has one reportable operating segment. Management monitors the operating results of its operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Information about products and services

The following table sets forth the total revenue from external customers by product and service during the periods:

	Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Sales of goods	4,136,439	4,704,927
Provision of services	48,909	31,967
Others	4,729	4,700
	4,190,077	4,741,594

Geographical information

All external revenue of the Group during the periods is attributable to customers established in the PRC, the place of domicile of the Group's operating entities. The Group's non-current assets are all located in Mainland China.

4 REVENUE, OTHER INCOME AND GAINS AND OTHER EXPENSES

An analysis of revenue from contracts with customers is shown in Note 3 above.

An analysis of other income and gains and other expenses is as follows:

	Six months ended 30 June	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Other income and gains		
Interest/investment income derived from banks & related companies, financial assets at fair value through profit or loss and fair value changes of financial instruments	46,744	44,385
Sales in respect of trading of oil and chemicals	32,965	457,818
Government subsidies*	10,830	10,901
Other lease income	758	1,453
Gain on disposal/holding of silver, net	3,576	11
Others	3,574	2,871
	<u>98,447</u>	<u>517,439</u>
	Six months ended 30 June	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Other expenses		
(Reversal)/Provision for impairment for inventory		
— silver (being part of catalyst)	(10,708)	51,460
Cost of sales in respect of trading of oil and chemicals	24,246	450,736
Foreign exchange differences, net	16,285	55,879
Fair values losses on derivative financial instruments, net	—	6,498
Others	150	15
	<u>29,973</u>	<u>564,588</u>

Notes:

- * Government subsidies mainly represented incentive provided by local government for the Group to operate in Jiaxing City, Zhejiang Province, the PRC. There are no unfulfilled conditions or contingencies attached to these grants recognised.

5 FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on bank loans wholly repayable within one year	86,707	63,826
Interest on lease liabilities	75	—
	<u>86,782</u>	<u>63,826</u>

6 PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Six months ended 30 June	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of inventories sold	3,964,635	4,169,101
Cost of services provided	17,405	12,826
Depreciation of property, plant and equipment	276,791	259,653
Depreciation of right-of-use assets	4,813	—
Amortisation of intangible assets	14,575	13,962
Reversal of impairment losses on trade receivables	2,435	—
(Reversal)/Provision for impairment for inventory — silver	(10,708)	51,460
	<u>3,999,440</u>	<u>4,517,002</u>

7 INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The income tax expense of the Group for the periods are analysed as follows:

	Six months ended 30 June	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Current		
Charge for the period	45,813	70,743
Deferred	(5,466)	6,450
	<u>40,347</u>	<u>77,193</u>

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands.

Pursuant to the relevant tax law of the Hong Kong Special Administrative Region, Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

The Group conducts a significant portion of its business in Mainland China and the applicable income tax rate of its subsidiaries operating in Mainland China is generally 25% in accordance with the Corporate Income Tax Law which was approved and became effective on 1 January 2008, except for certain entities who are entitled to preferential tax rates of 15%, subject to the approval of the relevant tax bureaus.

8 EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the period. The calculation of diluted earnings per share amounts is based on the profit for the period attributable to equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares under the share award plan.

The calculations of basic and diluted earnings per share are based on:

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent	<u>32,275</u>	<u>244,296</u>
	Number of shares	
	'000	'000
Shares		
Weighted average number of ordinary shares in issue during the period	<u>1,025,661</u>	<u>1,026,452</u>
Effect of dilution — weighted average number of ordinary shares:		
Share award plan	<u>489</u>	<u>1,633</u>
	<u>1,026,150</u>	<u>1,028,085</u>

9 DIVIDENDS

- i) Dividends payable to equity shareholders of the Company attributable to the period:

	Six months ended 30 June	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Proposed interim — HK5.0 cents (2018: HK10.0 cents)	<u>53,254</u>	<u>103,826</u>

The Board has declared that an interim dividend of HK5.0 cents (2018: HK10.0 cents) per share for the six months ended 30 June 2019 to shareholders whose names appear in the Register of Members on 26 September 2019.

- ii) Dividends payable to equity shareholders of the Company attributable to the previous financial period, approve and paid during the period:

	Six months ended 30 June	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Final dividend in respect of the financial year ended 31 December 2018, approved and paid during the following period, of HK10.0 cents per ordinary shares (2017: HK12.5 cents), calculated based on the number of ordinary shares used in the basic earnings per share calculation	<u>101,763</u>	<u>119,800</u>

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group has investments in certain wealth management products issued by banks in Mainland China. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

11 INVENTORIES

	30 June	31 December
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	894,002	1,018,809
Finished goods	<u>164,159</u>	<u>145,519</u>
	<u>1,058,161</u>	<u>1,164,328</u>

12 TRADE AND NOTES RECEIVABLES

	30 June 2019 RMB'000	31 December 2018 RMB'000
Trade receivables	77,646	80,878
Notes receivable	<u>594,779</u>	<u>450,372</u>
	672,425	531,250
Impairment	<u>(6,114)</u>	<u>(8,549)</u>
	<u>666,311</u>	<u>522,701</u>

The credit period is generally 15 to 30 days, extending up to three months for certain customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The maturity of notes receivables is due within six months.

An aged analysis of the trade receivables of the Group as at the end of each of the reporting periods, based on the invoice date, is as follows:

	30 June 2019 RMB'000	31 December 2018 RMB'000
1 to 30 days	44,364	58,887
31 to 60 days	3,145	7,936
61 to 90 days	2,038	4,037
91 to 360 days	18,082	50
Over 360 days	<u>10,017</u>	<u>9,968</u>
	<u>77,646</u>	<u>80,878</u>

13 CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30 June 2019 <i>RMB'000</i>	31 December 2018 <i>RMB'000</i>
Cash and bank balances	732,034	453,556
Time deposits	<u>612,645</u>	<u>659,000</u>
	<u>1,344,679</u>	<u>1,112,556</u>
Less: Pledged time deposits:		
Pledged for notes payable	442,100	229,000
Pledged for letter of credit	30,000	30,000
Pledged for bank loans	140,545	—
Pledged for a related party*	<u>—</u>	<u>400,000</u>
	<u>612,645</u>	<u>659,000</u>
Cash and cash equivalents	<u><u>732,034</u></u>	<u><u>453,556</u></u>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Pledged short term time deposits are made for periods with a maturity of the underlying notes payable, letter of credit and bank loans of a related party secured by these deposits, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

* The Group's time deposits amounting to RMB400,000,000 as at 31 December 2018 were pledged for bank loans granted to Mei Fu Petrochemical.

14 TRADE AND BILLS PAYABLES

	30 June 2019 <i>RMB'000</i>	31 December 2018 <i>RMB'000</i>
Trade payables	1,169,514	1,250,214
Bills payable	<u>597,000</u>	<u>320,000</u>
	<u><u>1,766,514</u></u>	<u><u>1,570,214</u></u>

An aged analysis of the trade payables and bills payables as at the end of the reporting periods, based on the invoice date for trade and bills payables is as follows:

	30 June 2019 RMB'000	31 December 2018 RMB'000
Within 3 months	1,268,659	1,449,830
3 to 6 months	291,925	117,036
6 to 12 months	204,580	2,125
12 to 24 months	706	618
24 to 36 months	217	154
Over 36 months	427	451
	<u>1,766,514</u>	<u>1,570,214</u>

Trade payables are non-interest-bearing and have an average credit term of three months and bills payable were all aged within one year.

15 INTEREST-BEARING BANK AND OTHER BORROWINGS

	Effective interest rate (%)	Maturity	30 June 2019 RMB'000	31 December 2018 RMB'000
Current (within one year)				
Bank loans — secured	3.738–3.915	2019	96,050	47,078
Bank loans — unsecured	4.568–4.600	2020	425,000	—
	3.169–5.090	2019	1,718,136	1,792,354
Current portion of long-term loans — secured	4.750–4.900	2019	<u>299,360</u>	<u>598,262</u>
			2,538,546	2,437,694
Discounted noted receivables	3.250–4.050	2019	102,390	72,031
Discounted letter of credit	3.300–4.350	2020	300,000	—
	2.225–4.601	2019	<u>520,000</u>	<u>550,000</u>
			<u>3,460,936</u>	<u>3,059,725</u>

Notes:

Certain of the Group's bank borrowings are secured by:

- (i) mortgages over the Group's leasehold land, which had an aggregate carrying value at the end of the reporting period of approximately RMB156,145,000 (31 December 2018: RMB157,920,000).

Xingxing New Energy entered into a syndicated loan agreement with Industrial and Commercial Bank of China Limited, China Construction Bank Limited and Bank of China Limited in June 2013 in relation to the funding requirement for the construction of the Methanol-To-Olefins (“MTO”) production facility with a total loan amount of RMB1,600,000,000 which was guaranteed by its shareholders, Sanjiang Chemical, holding 77.5% of Xingxing New Energy’s equity interest, and Zhejiang Jiahua Group Co., Ltd. (“Jiahua Group”), holding 9.5% of Xingxing New Energy’s equity interest, for amounts not exceeding RMB1,200,000,000 and RMB400,000,000, respectively. Xingxing New Energy had used RMB199,360,000 of the facility of as at 30 June 2019 (31 December 2018: RMB398,262,000) and the facility was also secured by its leasehold land with a carrying value of approximately RMB156,145,000 as at 30 June 2019 (31 December 2018: RMB157,920,000) which was included in the amount in note (i) above.

Sanjiang New Material entered into a syndicated loan agreement with Industrial and Commercial Bank of China Limited and China Merchants Bank in September 2014 in relation to the funding requirement for the construction of the EO/EG production facility with a total loan amount of RMB500,000,000 which was guaranteed by Sanjiang Chemical and Xingxing New Energy for amounts not exceeding RMB600,000,000 and RMB600,000,000, respectively. Sanjiang New Material had used RMB100,000,000 of the facility as at 30 June 2019 (31 December 2018: RMB200,000,000).

16 DUE FROM RELATED PARTIES

	30 June 2019 RMB’000	31 December 2018 RMB’000
Sure Capital Holdings Limited	1	1
Zhejiang Mei Fu Petrochemical Co., Ltd.	—	182
Zhejiang Hao Xing Energy Saving Technology Co., Ltd (浙江浩星節能科技有限公司)	18	—
Jiaxing Port Industrial Equipment Installation Co., Ltd (嘉興港區港安工業設備安裝有限公司)	196	2,196
Zhejiang Jiahua New Materials Co., Ltd	—	103
Zhejiang Jiahua Group Co., Ltd.	—	2,038
Zhejiang Jiahua Import Export Co., Ltd.	376	376
Jiaxing Xinggang Rewang Co., Ltd.	50	—
Zhejiang Jiahua Energy Chemical Co., Ltd.	—	1,196
	641	6,092

The balances due from related parties are unsecured, interest-free and repayable on demand.

17 DUE TO RELATED PARTIES

	30 June 2019 RMB'000	31 December 2018 RMB'000
Grand Novel Developments Limited	37,594	37,524
Zhejiang Mei Fu Petrochemical Co., Ltd	29,367	21,127
Zhejiang Zhapu Mei Fu Port & Storage Co. Ltd.	26,263	30,832
Zhejiang Jiahua Energy Chemical Co., Ltd.	165,112	130,772
Zhejiang Jiahua Group Co., Ltd.	789	711
Jiaxing Xinggang Rewang Co., Ltd.	844	2,820
Zhejiang Hao Xing Energy Saving Technology Co., Ltd (浙江浩星節能科技有限公司)	—	3,284
Jiaxing Port Industrial Equipment Installation Co., Ltd (嘉興港區港安工業設備安裝有限公司)	7,635	8,611
Jiaxing Jianghao Eco-agriculture Co., Ltd. (嘉興市江浩生態農業有限公司)	24	24
	<u>267,628</u>	<u>235,705</u>

The balances due to related parties are unsecured, interest-free and repayable on demand.

CAPITAL COMMITMENTS

As at 30 June 2019, the Group has capital commitments amounted to approximately RMB343.8 million (31 December 2018: RMB250.0 million) which were primarily related to the procurements for regular repair and maintenances.

CONTINGENT LIABILITIES

At the end of the reporting periods, contingent liabilities not provided for in the financial statements were as follows:

	30 June 2019 RMB'000	31 December 2018 RMB'000
Guarantees given to banks in connection with facilities granted to: Zhejiang Mei Fu Petrochemical Co., Ltd.	<u>350,000</u>	<u>1,022,702</u>

As at 30 June 2019, the banking facility granted to a related party subject to guarantees given to banks by the Group was utilised to the extent of approximately RMB291,000,000 (31 December 2018: RMB915,660,000).

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2019, the Group employed a total of 1,080 full time employees. The Group's employee benefits included housing subsidies, shift subsidies, bonuses, allowances, medical check-up, staff quarters, social insurance contributions, housing fund contributions and share award scheme. The remuneration committee of the Company (the "Remuneration Committee") reviews such packages annually, or when the occasion requires. The executive Directors, who are also employees of the Company, receive remuneration in the form of salaries, bonuses and other allowances.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's gearing, expressed as a percentage of total interest-bearing borrowings to total assets maintained in a similar level during the period under review (30 June 2019: 35.2%; 31 December 2018: 32.6%). The Group has a gearing guidance of not more than 66.7% on total interest-bearing borrowings to total assets basis, which management considers is a better measure when comparing to total interest-bearing borrowings to total equity basis as the Group will have rapid expansion of various production facilities in the coming years and there is a time lag of approximately 2 years between the construction period of production facilities and the profit and revenue generated from these facilities.

The inventory turnover days maintained in a similar level during the period under review (30 June 2019: 51.1 days; 31 December 2018: 46.2 days).

The trade and notes receivables turnover days maintained at a relatively low level during the period under review (30 June 2019: 25.9 days; 31 December 2018: 16.6 days).

The trade and notes payables turnover days maintained at a similar level during the period under review (30 June 2019: 76.4 days; 31 December 2018: 62.4 days).

INTERIM DIVIDEND

The Board has declared an interim dividend of HK5.0 cents per share for the six months ended 30 June 2019 to shareholders whose names appear on the Register of Members on 17 September 2019. It is expected that the interim dividend will be paid on 26 September 2019.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 16 September 2019 to 17 September 2019, both days inclusive, during which period no transfer of shares in the Company can be registered. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars, Tricor Investor Services Limited Level 54, Hopewell Centre 183 Queen's Road East Hong Kong, for registration no later than 4:30 p.m. on 13 September 2019.

CORPORATE GOVERNANCE

The Company has adopted the code provisions in the Corporate Governance Code and Corporate Government Report ("**CG Code**"), including any revisions and amendments from time to time, as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as its own code of corporate governance. The Board considers that the Company has complied with all the code provisions of the CG Code during the six months ended 30 June 2019 and up to the date of this announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code for securities transactions by Directors and senior management. Having made specific enquiries, all the Directors confirmed that they have complied with the Model Code throughout the six months ended 30 June 2019 and up to the date of this announcement.

AUDIT COMMITTEE

As at the date of this announcement, the audit committee of the Company (the “**Audit Committee**”) has three members, namely Messrs. Shen Kaijun and Kong Liang and Ms. Pei Yu, all of whom are independent non-executive Directors. The chairman of the Audit Committee is Mr. Shen Kaijun. The primary responsibilities of the Audit Committee include, among others, reviewing and supervising the financial reporting process and internal control system of the Group, nominating and monitoring external auditors and providing advice and comments to the Board.

The Audit Committee has reviewed the interim results of the Group for the six months ended 30 June 2019, including the accounting principles and practices adopted by the Group, and the Group’s internal control functions.

REMUNERATION COMMITTEE

As at the date of this announcement, the Remuneration Committee has three members, namely Messrs. Kong Liang and Guan Jianzhong and Ms. Pei Yu of whom Mr. Kong Liang and Ms. Pei Yu are independent non-executive Directors and Mr. Guan Jianzhong is the Chairman of the Board and an executive Director. The chairman of the Remuneration Committee is Ms. Pei Yu. The primary responsibilities of the Remuneration Committee include, among others, evaluating the performance and making recommendation on the remuneration package of the Directors and senior management, and evaluating and making recommendation on the share award plan of the Company.

NOMINATION COMMITTEE

As at the date of this announcement, the nomination committee of the Company (the “**Nomination Committee**”) consists of three members, namely Messrs. Guan Jianzhong and Shen Kaijun and Ms. Pei Yu, of whom Mr. Shen Kaijun and Ms. Pei Yu are independent non-executive Directors and Mr. Guan Jianzhong is the Chairman of the Board and an executive Director. The chairman of the Nomination Committee is Mr. Guan Jianzhong. The primary responsibilities of the Nomination Committee include, among others, considering and recommending to the Board suitably qualified persons to become the member of the Board and reviewing the structure, size and composition of the Board on a regular basis and as required.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the period under review, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2019.

PUBLICATION OF INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The Company's Interim Report for the six months ended 30 June 2019 will be dispatched to the shareholders of the Company and published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.chinasanjiang.com) in due course.

By order of the Board
China Sanjiang Fine Chemicals Company Limited
GUAN Jianzhong
Chairman and Executive Director

People's Republic of China, 26 August 2019

As at the date of this announcement, the Board comprises four executive Directors: Mr. GUAN Jianzhong, Ms. HAN Jianhong, Mr. HAN Jianping and Mr. RAO Huotao and three independent non-executive Directors: Mr. SHEN Kaijun, Ms. PEI Yu and Mr. KONG Liang.

In this announcement, if there is any inconsistency between the Chinese names of the entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. The English translation of names or any descriptions in Chinese which are marked with "" is for identification purpose only.*