

**JIANCHENG INTERNATIONAL GROUP LIMITED (ASX: JCI)**

**14 May 2019**

George Tharian  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

## **Response to ASX Query**

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In reference to your letter on 7 May 2019, regarding the Appendix 4C quarterly report for the period ended 31 March 2019, Jiancheng International Group Limited (**JCI**) is pleased to provide the responses to your queries in number order as follows:

**Q1: Does JCI expect that it will continue to have negative operating cash flows for the time being, and if not, why not?**

Response:

Our cash flow forecast states that we will consume \$17,922,000 cash in the quarter to end 30th June and during the following quarter ending 30th September the cash flow will be stable and cash receipts are forecast to equal cash expenditure. The improvement change will be because of increased cash receipts. In the short term JCI has the cash reserves to fund its ongoing business requirements.

**Q2: Has the JCI taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?**

Response:

Recently JCI looked to raise capital in Hong Kong. During the process it was determined the capital raising market was not considered to be commercially attractive for JCI to fully pursue this option.

To be prudent JCI continues to seek other sources of capital and expects to have success in this regard, sometime during the next 6 months.

**Q3: Does JCI expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?**

Response:

Yes, we are able to continue to fund operations and to meet the business objectives. To do this JCI has carried out detailed analysis with regard to outstanding debt collections and the work flowing from this has commenced positively. During the next 3 months JCI expects to receive some long-term outstanding debt payments that will support the cash requirements for normal operations of the company.

**Q4: Please confirm that JCI is in complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.**

Response:

Confirmed.

**Q5: Please confirm that JCI's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of JCI with delegated authority from the board to respond to ASX on disclosure matters.**

Response:

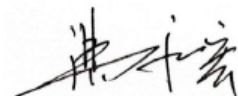
Confirmed.

There is no other relevant information.

Please do not hesitate to contact me if you wish to discuss any of the above matters.

Yours sincerely,

**Jiancheng International Group Limited**



**Yonghong Tang**  
**Managing Director**



7 May 2019

Reference: ODIN01526

Ms Marika White  
Company Secretary  
Jiancheng International Group Limited  
c/- Emerson Legal Operations  
Level 36, Australia Square  
264 George Street  
Sydney NSW 2000

By email

Dear Ms White

**Jiancheng International Group Limited ('JCI'): Appendix 4C Query**

ASX refers to JCI's Appendix 4C quarterly report for the period ended 31 March 2019 lodged with the ASX Market Announcements Platform and released on 30 April 2019 (the 'Appendix 4C').

ASX notes that JCI has reported:

- negative net operating cash flows for the quarter of \$2,076,000;
- cash at the end of the quarter of \$2,874,000; and
- estimated cash outflows for the next quarter of \$17,922,000.

It is possible to conclude, based on the information in the Appendix 4C, that if JCI were to continue to expend cash at the rate indicated by the Appendix 4C, JCI may not have sufficient cash to continue funding its operations.

**Request for Information**

In view of that, ASX asks JCI to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market under Listing Rule 18.7A:

1. Does JCI expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has JCI taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does JCI expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that JCI is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.
5. Please confirm that JCI's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of JCI with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that JCI considers may be relevant to ASX forming an opinion on whether JCI is complying with Listing Rule 12.2 that a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.

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### When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:00 AM AEST Tuesday, 14 May 2019**.

If we do not have your response by then, ASX will have no choice but to consider suspending trading in JCI's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, JCI's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market. Your response should be sent to me by e-mail at [ListingsComplianceSydney@asx.com.au](mailto:ListingsComplianceSydney@asx.com.au). It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### Listing Rule 3.1 and 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to JCI's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that JCI's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

### Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in JCI's securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

### Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

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**George Tharian**  
Adviser, Listings Compliance (Sydney)