



SunVic Chemical Holdings Limited
ANNUAL REPORT 2015

STRATEGISING TO GO FURTHER





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COMPANY PROFILE

SUNVIC CHEMICAL HOLDINGS LIMITED

("Sunvic Chemical") is one of the pioneer and leading manufacturers of intermediate chemical products, such as Acrylic Acid (AA, 丙烯酸), Acrylate Esters (AE, 丙烯酸酯), as well as PMIDA (N-phosphonomethy Iminodiacetic Acid, 双甘膦) and glyphosate (草甘膦) which are fundamental chemicals widely used in the production of many industrial, consumer and agricultural products such as coatings, adhesives, diapers, textiles, detergents, water treatment materials and herbicide (weed killer).

Based in Jiangsu Province, with a total of 685,000-tonne AA capacity and 430,000-tonne AE capacity per annum in both Yancheng City and Taixing City, Sunvic Chemical is the leading AA producer in the People's Republic of China ("PRC") and in the world. AE is a downstream product of AA. We have the flexibility to adjust our AA and AE production to meet the market requirement.

In Oct 2014, Sunvic Chemical and Arkema Asie SAS ("Arkema"), a leading global French chemical company, formed a joint venture called Taixing Sunke Chemical Co., Ltd. which holds 3 productions lines of AA in Taixing City.

Sunvic Chemical is also one of the largest producers of PMIDA and glyphosate in the PRC with an annual production capacity of 40,000 tonnes and 20,000 tonnes respectively. PMIDA is the main raw material used for the production of glyphosate.

Sunvic Chemical was listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 5 February 2007.

EXECUTIVE DIRECTOR & CEO'S MESSAGE

DEAR SHAREHOLDERS,

On behalf of the Board of Directors of Sunvic Chemical Holdings Limited ("Sunvic" or the "Company") and its subsidiaries (collectively, the "Group"), I would like to present our Annual Report for the financial year ended 31 December 2015 ("FY2015").

Looking back, FY2015 was a tough and challenging year fraught with slow economic growth, tight credit control and industrial overcapacity in the People's Republic of China ("PRC"). Nevertheless, we have fought on bravely and managed to stay resilient even in the face of trying times.

During the year, the overall performance of the acrylic acid ("AA") and acrylate esters ("AE") industry fell below

expectation. The PRC market was experiencing difficulty in absorbing the oversupply of AA and AE as downstream demand weakened due to slower economic growth in the PRC. The demand-supply disequilibrium situation, coupled with depressed oil prices, led to a downtrend in average selling prices ("ASP") and raw material prices, although it was unlikely that current ASP would fall further. Since the beginning of 2016, ASP and raw material prices have been stable and this helps to improve margins of products.

In FY2015, the Group recorded a revenue drop of RMB2,797.4 million to RMB2,167.2 million from RMB4,964.6 million in FY2014. This was mainly attributed to lower ASP and sales

volume as a result of the oversupply situation in the PRC.

In view of the situation, after much careful consideration, the Board decided to make an impairment allowance amounting to RMB384 million in relation to AA and methyl tertiary butyl ether ("MTBE") production plants in Yancheng city.

MOVING FORWARD

We remain confident in the long-term prospect of the AA and AE industry even though we anticipate business conditions to remain tough and challenging in the short term due to the current oversupply situation and difficult business environment. Nevertheless, China remains the





world's largest production and consumption country of AA and AE. The solid demand for AA and AE in its various downstream industries, such as SAP, coatings, adhesives, textiles and water treatment is growing steadily. We believe the market will take some time to absorb the overcapacity situation and we will strive to be more efficient in our operations to improve margins.

In view of the current market situation, our joint venture partner Arkema Asie SAS ("Arkema") had decided not to raise their stake in the joint venture entity, Taixing Sunke Chemical Co. Ltd. ("Sunke" or "JV"). Nevertheless, Sunvic Chemical and Arkema are happy to remain as joint-venture partners as both of us are optimistic in the long-term prospect of AA and AE industry and will continue to work together going forward. This partnership enables the Group to leverage on Arkema's technical capabilities, operation management and high safety standards to enhance our operations. We are also able to capitalise on this platform to tap into the credit from banks to improve our cashflow position.

Where the heavy oil cracking and MTBE plants were concerned, the Group has already taken steps to make impairment allowance which totalled to RMB667 million over the past 2 years. However, we will continue

to explore collaboration opportunities with external parties, so as to maximise the value of these plants.

Moving forward, we will continue to maintain our market position as the leader in the AA and AE industry and will persist to enhance our various processes from production to cash flow management, while exploring opportunities for upstream/downstream or related chemical products' merging and acquisitions ("M&A") for our business expansion in the future. This will allow us to harness greater efficiency and synergy in integrating our business processes as we work towards substantial expansion and consolidation.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to extend my appreciation to our valued shareholders, business partners and associates for their belief and confidence in us over the years. I would also like to thank our staff, management and fellow directors for their dedication and effort that have helped steer the Group through challenges and obstacles. I look forward to your continual support in the year ahead.

SUN XIAO

Executive Director & CEO



执行董事 兼首席执行官致辞



尊敬的股东：

我代表昇立化工控股有限公司（“昇立”或“公司”）董事会及其所有子公司（合称“集团”），在此向大家呈报截至2015年12月31日（“2015财年”）的年度报告。

回顾2015财年，是一个艰难和充满挑战的一年：中国经济增长放缓、信贷紧缩、许多行业产能过剩。然而，面对艰难的时刻，我们积极应对，争取把困难降到最低。

本年度，丙烯酸（“AA”）和丙烯酸酯（“AE”）行业的表现差强人意。由于中国经济增长缓慢、下游需求疲弱而导致丙烯酸和酯过剩的产能难以消化。供求关

系的不平衡，再加上由于油价下跌，导致我们的平均销售价格（“ASP”）和原材料价格一直下行。然而，我们认为目前平均销售价格进一步下调的空间也非常有限。从2016年初开始，平均销售价格和原材料价格已经基本稳定，这有助于提高我们产品的利润率。

2015财年，集团的营业收入与2014财年的49.646亿元（人民币，下同）相比，减少了27.974亿元，至21.672亿元。这主要是由于中国丙烯酸行业供应过剩而导致的平均销售价格降低和销售数量减少。

鉴于目前的情况，董事会在经过审慎的考虑之后决定，为在盐城的旧的丙烯酸工厂和甲基叔丁基醚（“MTBE”）工厂提取总值为3.84亿元的减值准备。

今后展望

尽管短时期内由于供应过剩和市场环境艰难，目前的商业形势依然严峻，但是，我们仍然看好丙烯酸和酯行业的长期前景。毕竟，中国是世界上最大的丙烯酸和酯的生产国和消费国，其下游各行业（如超强吸水性树脂、涂料、胶黏剂、纺织和水处理等行业）对丙烯酸和酯的刚性需求仍然在稳步增长。我们相信市场仍



需要一段时间来消化多余的产能，而我们也仍将进一步提高生产效率以提高利润率。

考虑到目前的市场情况，法国阿科玛化工集团已经决定不会进一步提高他们在我们的合资公司——泰兴昇科化工有限公司（简称“昇科”或“合资公司”）的股权。当然，我们昇立化工和阿科玛仍然是合资合作伙伴，我们双方都对丙烯酸和酯行业的长期前景表示乐观，我们今后将继续共同合作。这个合作将使得集团能够向阿科玛学习新的技术、运营管理方式和高的安全标准来提高我们集团的运营能力。我们也

可以利用合资公司这个平台为集团增加银行信贷，从而增加我们的现金流。

关于重油裂解和MTBE工厂，集团已经在过去两年逐步将其大部分资产做了共6.67亿元的减值准备。但我们仍将继续探讨与外部企业的合作机会，争取最大限度地发挥这个工厂的价值。

今后，我们将继续保持在丙烯酸和酯市场的领先地位，继续加强从生产到财务各方面的管理；同时，我们还将继续探讨上下游或相关化工产品业务的并购机会，以扩展业务。这将会整合我们业

务，提高效率和取得综效效应，将集团更加发展壮大。

衷心感谢

在此，我谨代表董事会向我们的股东、商业伙伴和机构等表示衷心的感谢，谢谢你们这么多年对公司的信任和信心。我也要感谢我们的员工、管理层和董事同仁们，你们的奉献和努力帮助集团积极地应对挑战 and 困难。我希望今后能够继续得到大家的支持！

孙 骁

执行董事兼首席执行官

OPERATIONS AND FINANCIAL REVIEW



PERFORMANCE OVERVIEW

The Group continued to be affected by the persisting oversupply situation in the AA and AE industry. In view of this, we have strived to stay resilient against all odds to deliver results that were within expectations of a challenging business environment.

During the reporting year, the Group reported a drop in revenue of 56.3% or RMB2,797.4 million to RMB2,167.2 million as compared to RMB4,964.6 million in FY2014. This was caused by a decrease in revenue contribution from the sale of AA and AE, PMIDA and Glyphosate, as well as other chemical products, which were mainly led by lower sales volume and ASP against the previous year. The Group registered a gross loss of RMB215.0 million in FY2015 against a gross profit of RMB199.5 million in FY2014. This was due mainly to lower ASP for AA and AE resulting from the oversupply situation of AA in the PRC and significant drop of world crude oil

prices which led to lower raw material prices. Correspondingly, gross profit margin dipped from positive 4.0% to negative 9.9% in the reporting year.

Other operating income included one-off gain on disposal of Line 3 AA plant in Taixing of RMB121.5 million and a tax incentive RMB109.0 million. On the other hand, other operating expenses included an impairment allowance made on property, plant and equipment in relation to the Group's plants in Yancheng city that amounted to RMB384.0 million as caused by tough operating environment in the PRC.

Concurrently, administrative expenses increased by RMB85.1 million to RMB265.4 million in FY2015 compared to RMB180.4 million in FY2014. This was mainly due to (i) an allowance made for downpayments for technology amounted to RMB49.0 million; and (ii) incurrence of foreign exchange loss of RMB46.3 million as a result of

depreciation of RMB against USD on our USD bank borrowings.

Consequently, the Group's net profit attributable to the Company was a widened net loss of RMB779.5 million as compared to a net loss of RMB129.8 million in FY2014. Earnings per share was a loss of RMB146.2 cents against a loss of RMB24.3 cents in the previous year. Concurrently, the Group's net asset value per ordinary share was also reduced to RMB252.4 cents as at 31 December 2015 from about RMB398.1 cents per share a year ago.

AA AND AE

Segmental revenue for AA and AE recorded decreased by RMB2,294.0 million or 57.0% to RMB1,729.4 million in the reporting financial year. This was the result of a drop in sales volume of AA and AE from 440,400 tonnes in the preceding year to 260,308 tonnes in FY2015 with ASP per tonnes reduced from RMB10,400 in FY2014 to RMB6,700 in FY2015. These were

the repercussions of a persistent AA supply glut that prevailed since the beginning of 2014. Expectedly, overall gross profit margin lowered to negative 13.5% during the year against positive 3.2% in FY2014. We anticipate the tough business environment to continue to add pressure on the profit margin for AA and AE segment until the economy turnaround.

BALANCE SHEET AND CASH FLOW HIGHLIGHTS

As at 31 December 2015, the Group's property, plant and equipment ("PPE") fell by RMB174.4 million to RMB1,483.8 million as led by depreciation charge and impairment allowance made on PPE in FY2015. However, these were partially offset by the addition of PPE in the same period.

Meanwhile, deposits paid for PPE decreased by RMB51.2 million to RMB5.5 million as at 31 December 2015 against RMB56.8 million as at 31 December 2014 due to a transfer made to PPE in FY2015.

During the year, inventories reduced by RMB62.0 million to RMB133.3 million as at 31 December 2015 against RMB195.3 million as at 31 December 2014 due to a decline in quantities and unit cost of raw materials and finished goods.

Concurrently, trade and other receivables increased by RMB419.1 million to RMB1,664.8 million as at 31 December 2015 as compared to RMB1,245.7 million for the same period before. This was largely caused by lower revenue during the year and a decrease in advances to suppliers for purchase of raw materials as the Group cut back on such purchases in view of a downward trend in raw material prices. However, these were partially cushioned by an increase in receivable from a joint venture entity in accordance with our joint venture agreement and an increase in value-added tax recoverable from the sale of our Line 3 AA plant.

Meanwhile, trade and other payables declined by RMB533.8 million to RMB1,024.5 million as at 31 December 2015 against RMB1,558.3 million in



the year before. This was the result of lower trade and notes payables for purchase of propylene to meet our production needs and for sale to a joint venture entity, which was partially offset by an increase in payable to the same entity.

Repayments made in FY2015 let our total non-current and current interest-bearing liabilities to lower by RMB96.3 million to RMB1,412.0 million as at 31 December 2015 as compared to RMB1,508.2 million as at 31 December 2014.

Shareholder's equity fell 36.7% to RMB1,345.3 million as at 31 December 2015.

During the year, operating activities resulted in negative cashflow of RMB19.7 million due to depreciation charge, interest expense, impairment allowance on PPE, allowances made for down payments for technology and write-down of inventories, as well as decrease in trade and other receivables and inventories. These were partially offset by interest income, gain on disposal of non-current assets held for sale, reversal of write-down of inventories, as well as an increase in trade and other payables.

Financing activities resulted in negative cashflow of RMB55.8 million in FY2015 mainly due to repayments of bank loans as well as interests paid. These were partially offset by proceeds from bank loan and a decrease in pledged deposit.

The Group experienced net cash outflow of RMB246.6 million in FY2015 from the Group's investing activities mainly led by purchase of PPE during the year. These were partially offset by proceeds from disposal of non-current assets held for sale and interest received.

As a result, cash and cash equivalents decreased from RMB486.9 million as at 31 December 2014 to RMB173.6 million as at 31 December 2015.

IN CONCLUSION

The Group expects the market conditions to remain tough and challenging in the near future as a result of oversupply situation of AA in the PRC market. Nevertheless, we remain confident in the long-term prospect of the AA industry as it is essentially a fundamental chemical composite in many industrial and consumer products. We anticipate the global demand growth of AA to match its supply eventually. We predict that the global demand for AA will eventually absorb its oversupply to be at equilibrium. Hence, we should continue to learn from our partners and raise the efficiency of our production systems, procurement and cashflow management by implementing strategic initiatives, so as to enhance our leading market position in the AA industry. Concurrently, we will actively search for collaboration partners and investment opportunities to improve our earnings to become stronger and better.

经营和财务 业绩回顾

业绩回顾

集团仍然受到丙烯酸和酯行业产能过剩、供大于求的局面的影响。鉴于此，我们在这个充满挑战的商业环境中积极进取，取得了预期内的业绩成效。

本年度，集团的营业收入下降了56.3%，从2014财年的49.646亿元（人民币，下同）至21.672亿元。这主要是因为各板块业务，丙烯酸和酯、双甘磷和草甘磷以及其他化工品等，它们的销售数量和平均销售价格与前一年度相比都有所减少。而集团的毛利润从2014财年的盈利1.995亿元到本年度的亏损2.15亿元，这主要是由于中国丙烯酸和酯市场供应过剩和国际原油价格显著下跌而导致原材料价格下跌，进而导致平均销售价格大幅下降。相应地，集团的毛利率也从前一年度的9.9%到今年变成负4.0%。

其它运营收入包括售卖泰兴工厂的第三条丙烯酸生产线所产生的一次性收

益1.215亿元以及税务奖励1.09亿元。另一方面，由于运营环境艰难，集团在运营支出方面对在盐城工厂的房产、厂房和设备的做了3.84亿元的减值准备。

同时，管理方面的费用增加了8,510万元，从2014财年的1.804亿元上升到2.654亿元。这主要包括以下两项费用：(i)分期支付技术费用的准备金4,900万元；以及(ii)由于人民币兑美元贬值而导致美元贷款的汇率损失4,630万元。

因此，集团的归属公司的净损失从2014财年的亏损1.298亿元扩大至7.795亿元。每股损失从前一年度的24.3分扩大到本年度的146.2分。同时，集团的每股净资产也从一年前的3.981分降至截止2015年12月31日的252.4分。

丙烯酸和酯

丙烯酸和酯业务的营业收入下降了

22.94亿元或57.0%，至17.294亿元。这主要是销售数量减少，从前一年度的44.04万吨降至26.03万吨；每吨的平均销售价格也从2014财年的10,400元下降到2015财年的6,700元。其原因主要是从2014年初开始，丙烯酸市场一直是供应过剩的局面。因此，丙烯酸和酯的毛利率也从2014财年的3.2%降至本年度的负13.5%。我们认为这个艰难的市场环境将会持续给丙烯酸和酯的毛利率带来压力，直到整体经济状况好转。

资产负债表和现金流

截至2015年12月31日，集团的房产、厂房和设备（“PPE”）减少了1.744亿元，至14.838亿元，主要是折旧和减值准备，并被增添了一些PPE冲抵。

同时，对PPE的预付款较前一年减少了5,120万元，从2014年年底的5,680万元至2015年12月31日的550万元，主要是预付款支付的资产转成了固定资产。





本年度，存货较前一年的1.953亿元，减少了6,200万元，截至2015年12月31日为1.333亿元。主要因为存货的数量减少以及原材料和产品的单位成本降低。

同时，贸易和其他应收款较2014财年的12.457亿元，增加了4.191亿元，至16.648亿元。主要由于本年度营业收入较低，再加上由于原材料价格往下走，给供应商的预付款也减少了。另一方面，应收账款增加包括两部分：一个是根据协议，有一笔从合资公司的应收账款，另一个是我们卖掉丙烯酸第三条生产线得到的增值税返还。

贸易和其他应付款相比于2014财年的15.583亿元，减少了5.338亿元，截至2015年12月31日为10.245亿元。这主要是因为为了我们生产所需和销售给合资公司所需购买丙烯的贸易量和应付票据减少，这被付给同一个企业的应付款增加而部分冲抵。

2015财年的还款使得我们的总长期和短期计息负债从一前年的15.082亿元，减少了9,630万元，截至2015年12月31日为14.12亿元。

股东权益下降了36.7%，截至2015年12月31日为13.453亿元。

本年度，集团营运产生了1,970万元的现金流出。主要由于折旧费用、利息费用、PPE的减值准备、支付技术的费用以及存货的减值损失，再加上贸易和其他应收账款已经存货的减少。但部分被利息收入、出售固定资产所得、回记存货以及贸易和应付账款的增加而冲抵。

2015财年融资活动的净现金流出为5,580万元。这主要是因为偿还银行贷款和支付利息，并部分被从银行得到的贷款和较少的抵押金冲抵。

集团投资活动的净现金流出为2.466亿元，主要是因为购买了PPE资产。这

部分出售固定资产所得的款项和利息收入冲抵。

因此，集团的现金以及现金等价物从截至2014年12月31日的4.869亿元减少至截至2015年12月31日的1.736亿元。

结语

集团预计，由于中国市场丙烯酸行业供应过剩，市场情况在近期内仍然艰难和充满挑战。尽管如此，我们对丙烯酸行业的长期前景仍然很有信心，因为丙烯酸是一种基础的、必需的化工原料，可以运用在工业和消费行业的各个领域。我们预计全球的丙烯酸需求将会逐渐与供应相平衡。因此，我们应该继续向合作伙伴学习，通过采取措施，提高生产的有效性、采购和资金管理的效率，来增进集团行业的领先地位；同时，积极寻找商业伙伴和投资机会，来增进我们的盈利能力，争取更大更强。

BOARD OF DIRECTORS

SUN XIAO Executive Director and CEO

SUN XIAO has been firstly appointed as an Executive Director and Deputy CEO of the Company with effect from 16 May 2012, later, he was appointed as CEO on 9 January 2013. Mr Sun Xiao is the only son of our ex-Executive Chairman and CEO, late Mr Sun Liping. His duty is in charting the strategic developments of our Group. Sun Xiao graduated from Curtin University of Technologies with a degree of Bachelor of Commerce (Accountancy) in November 2010. Since then, he joined our Group as an intern to familiarise with the operations of our Group.

YANG GUOQIANG Executive Director

YANG GUOQIANG is our Executive Director and was appointed to our Board on 27 February 2006. He is in charge of JJC's overall operations. From 1982 to 1987, Mr Yang was an assistant factory manager in the Jiangsu Yixing Bricks Factory. In 1987, he joined Yixing Baoxing Thermoelectricity Factory as an assistant factory manager. Subsequently, between 1988 and 2002, he was the deputy plant manager of Yixing Erzhou Environmental Protection Facilities Plant. In August 2002, he was involved in the setting up of Xiangshui Yinyan and was appointed the general manager and director of Xiangshui Yinyan Chemical Industry Co., Ltd. when it was set up in 2003. In 2004, he took up his current position as the general manager of JJC. Mr Yang graduated from Yixin City Heqiao High School in 1975.

ZHU WULING Executive Director

ZHU WULING is our Executive Director and was appointed to our Board on 27 February 2006. He currently holds the position of assistant general manager of JJC and is also a director of Yixing Yinyan Import & Export Co., Ltd. ("YYIE"). Mr Zhu's primary responsibility is to oversee the import and export operations of the Group. Prior to joining our Group, from 1995 to 2002, he was a manager in the import and export department of Wuxi Kaili Pharmaceutical Co., Ltd., and participated in obtaining approval from the relevant authority for sale of his company's drugs in the European Union. Between 2002 and 2004, he assumed the position of sales manager of the chemical solvent department in Jiangsu Yinyan. He joined JJC as its assistant general manager in 2004. Mr Zhu graduated from the University of Science & Technology of China with a Bachelor Degree in Economy and Foreign Trade in 1995.

SIOW CHEE KEONG Lead Independent Director

SIOW CHEE KEONG is our Lead Independent Director and was appointed to our Board on 27 February 2006. He has many years of audit and management experience in business systems, information technology, finance and accounting with commercial and financial organisations in Canada, USA, England and Singapore. He is currently a management consultant with JF Virtus Pte. Ltd. which offer audit, risk and consultancy services to exchange listed companies. Mr Siow qualified as a Chartered Certified Accountant with the Association of Chartered Certified Accountants in 1981, a Certified Internal Auditor with the Institute of Internal Auditors Inc. in 1985, a Certified General Accountants with the Certified General Accountants of Canada in 1990 and is a non-practising member of the Institute of Singapore Chartered Accountants. He graduated from the University of Warwick, England, with a Master of Business Administration. Mr Siow is on the board of several listed and private companies, and is a member of the Singapore Institute of Directors.

RAYMOND ONG SIE HOU Independent Director

RAYMOND ONG SIE HOU is our Independent Director and was appointed to our Board on 27 February 2006. Currently, he is a director of CTLC Law Corporation, a firm of advocates and solicitors in Singapore. He was previously a partner of Rajah & Tann of which he has been with from May 2002 to March 2010. From 1998 to 2001, Raymond Ong was an associate lawyer at Colin Ng & Partners. Prior to that, he was practicing at Joseph Tan Jude Benny & Scott between 1997 and 1998 and Chong Yeo & Partners between 1996 and 1997. He graduated from the National University of Singapore with a Bachelor of Law in 1995 and was admitted as an advocate and solicitor of the Supreme Court of Singapore in 1996. His main area of practice is in litigation and international arbitration in commercial, banking, transportation and shipping matters.

YAP CHEE WEE Independent Director

YAP CHEE WEE is our Independent Director and was appointed to our Board on 12 July 2010. He is a founder of Fleur Capital, a fund management company based in Singapore, and currently manages a portfolio of investments with operations in Singapore, China, Malaysia, Philippines and India. The investments are in the businesses of food and beverage, chemical fibres, information technology, cloud computing, training and consultancy. He has almost 20 years of experience in venture capital, corporate investment, investment banking and audit. He graduated from Nanyang Technological University (Singapore) with a Bachelor of Accountancy (Honours), and holds the Chartered Financial Analyst and Certified Public Accountant certifications. He also completed the International Business Fellowship Programme at Qinghua University and Nanjing University.



KEY EXECUTIVES

LIM JIN SIN

Group Financial Controller

Lim Jin Sin was appointed as our Group's financial controller in October 2005 to oversee the overall financial and accounting matters of our Group. He started his career with a certified public accounting firm in Kuching (Sarawak, Malaysia) for almost two years before joining a certified public accounting firm in Singapore in June 1998. He then joined Ernst & Young in January 2000, and was involved in the auditing of companies of all sizes and other special projects (such as due diligence, IPO, review of forecast and projection). He left Ernst & Young in September 2005 as an audit manager to join our Group. Mr Lim graduated from Curtin University of Technologies with a degree of Bachelor of Commerce (major in Accountancy and Finance) in 1996. He is a member of the Certified Practising Accountant, Australia.

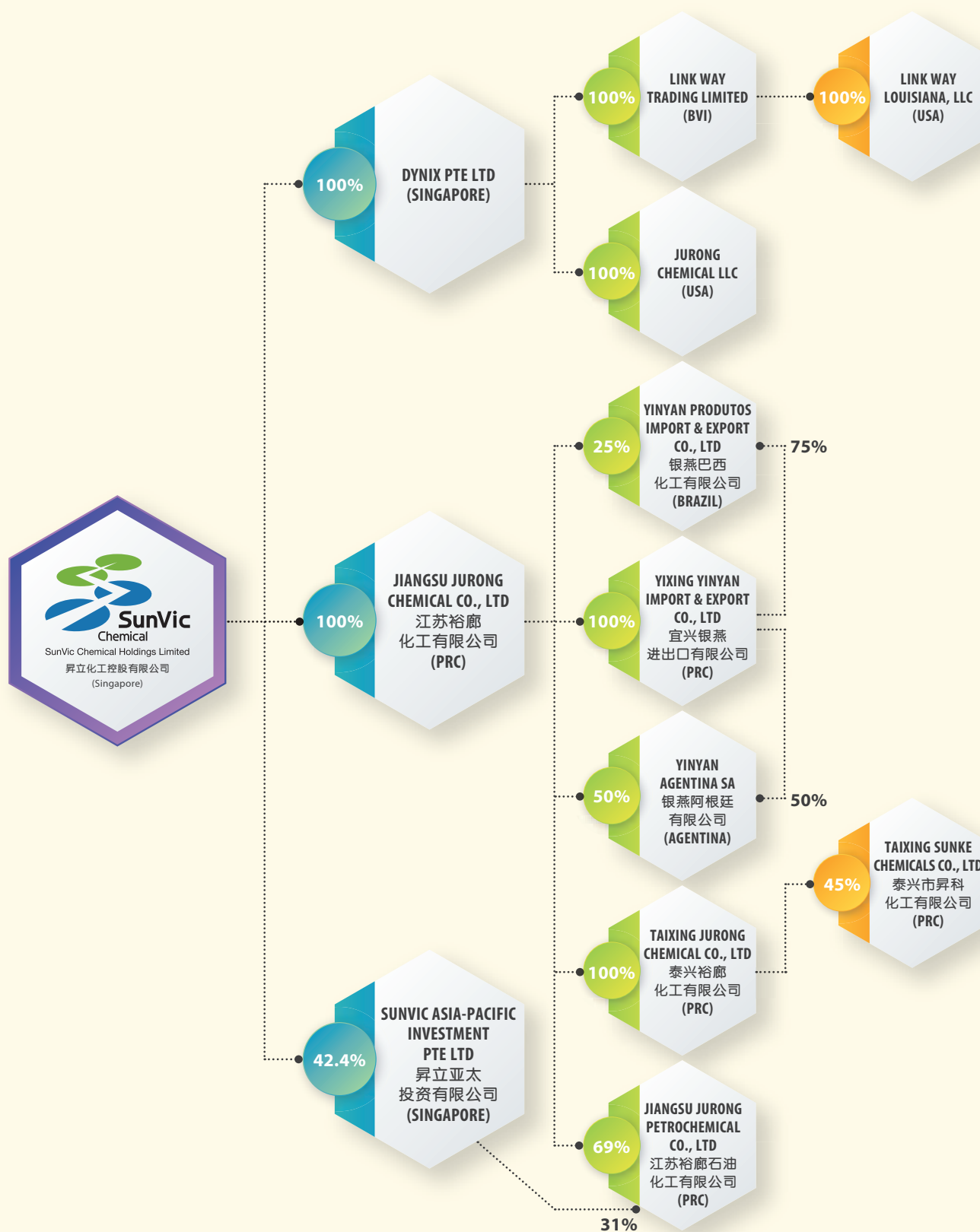
CHEN WEIHUA

Finance Manager

Chen Weihua is our finance manager and oversees the financial and accounting matters of our subsidiary, JJC. He has been the finance manager of JJC since its incorporation in 2004. Prior to joining our Group, between 1991 and 2000, he was the finance section head and director of Jiangsu Guanhe Group, in charge of the group's accounting matters. In July 2000, he joined Yancheng Yangguang Accounting Firm as an auditor. In September 2003, he joined Xiangshui Yinyan as finance manager and subsequent to the acquisition of the major assets of Xiangshui Yinyan by JJC, he was appointed as finance manager in JJC and was also appointed as director of JJC in January 2006. Mr Chen graduated from Yancheng Accounting School with a certificate in accounting in 1991. He was awarded the "Yancheng Accounting Job Advanced Individual" award by the Yancheng City Government in 2005.

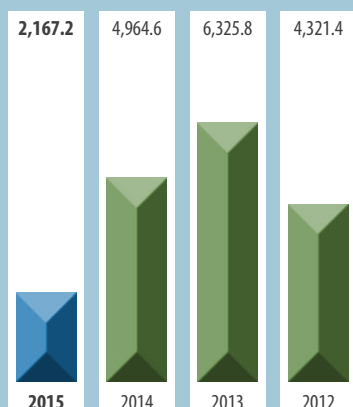


GROUP STRUCTURE

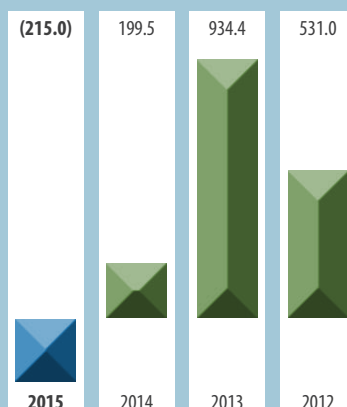


FINANCIAL HIGHLIGHTS

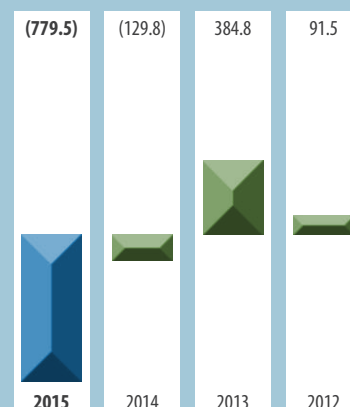
REVENUE (RMB' MILLION)



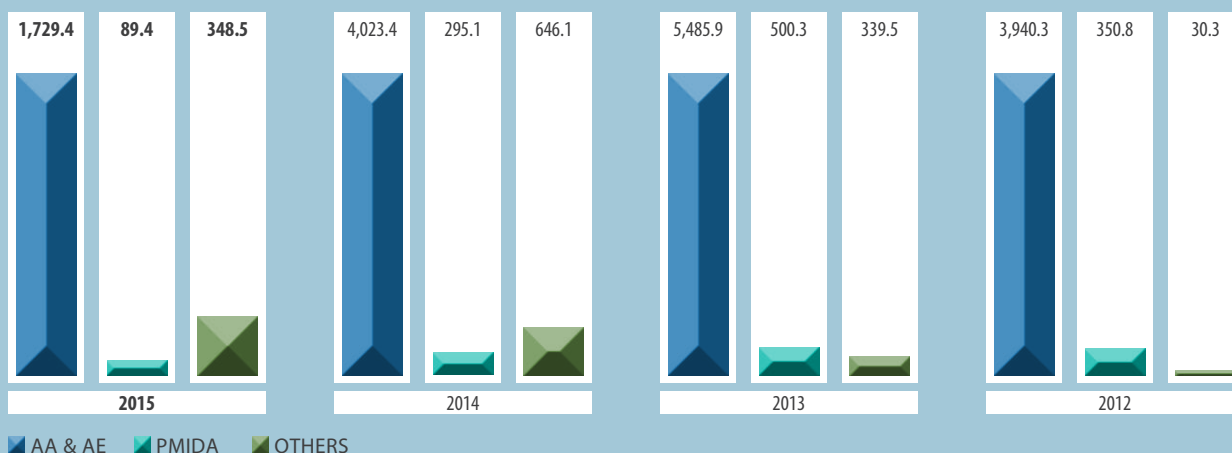
GROSS PROFIT (RMB' MILLION)



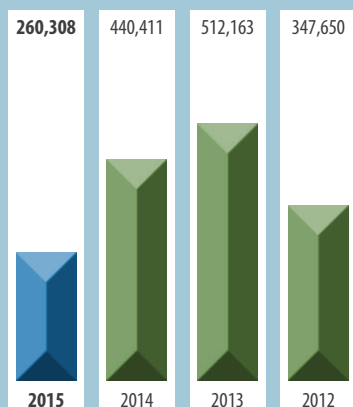
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS (RMB' MILLION)



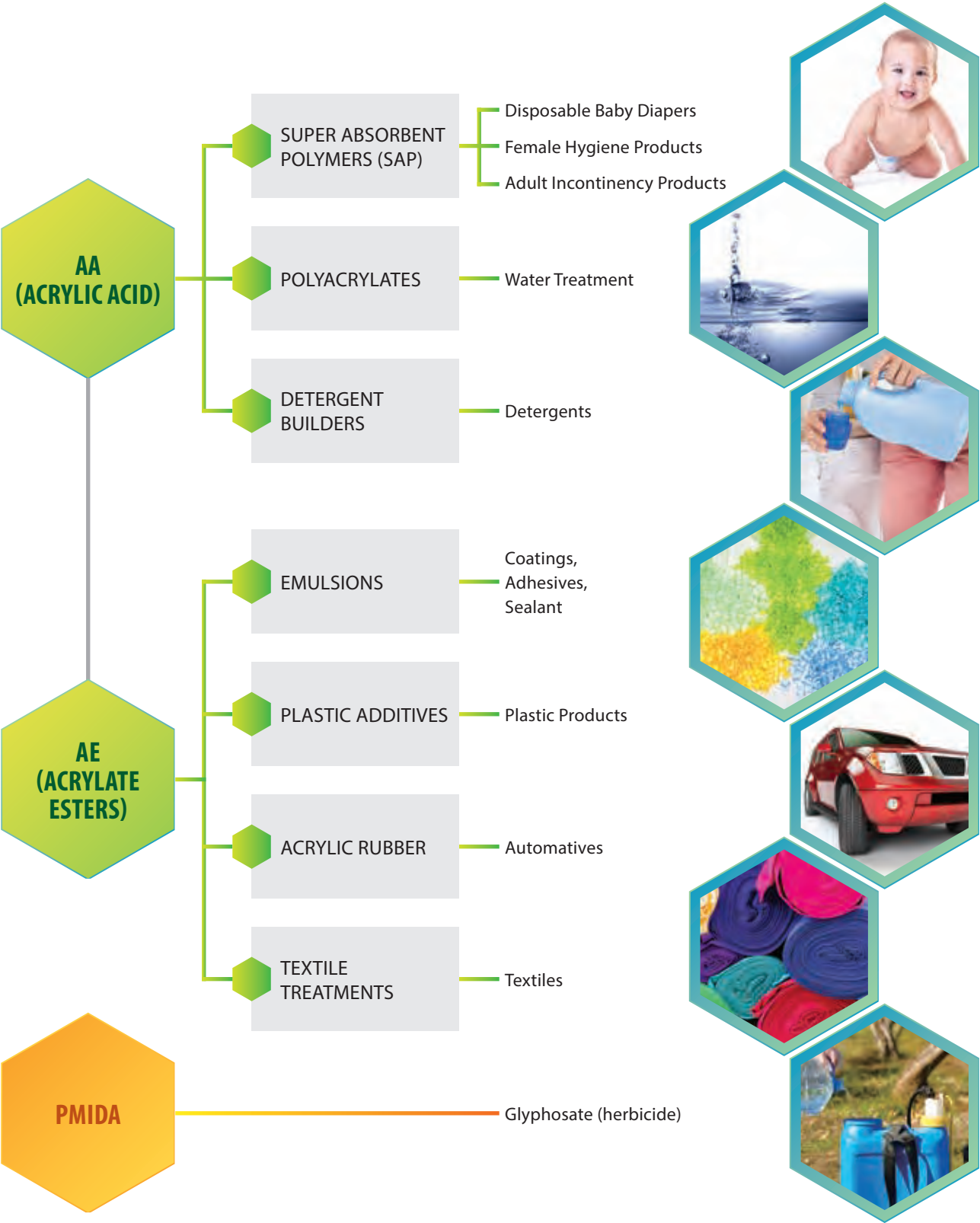
REVENUE BY PRODUCTS (RMB' MILLION)



AA & AE SALES VOLUME (TONNES)



QUALITY LEADS TO QUANTITY



CORPORATE INFORMATION

BOARD OF DIRECTORS

Sun Xiao (Executive Director and CEO)
Yang Guoqiang (Executive Director)
Zhu Wuling (Executive Director)
Siow Chee Keong (Lead Independent Director)
Raymond Ong Sie Hou (Independent Director)
Yap Chee Wee (Independent Director)

COMPANY SECRETARIES

Teo Meng Keong
Lee Wei Hsiung

REGISTERED OFFICE

112 Robinson Road
#12-04 Robinson 112
Singapore 068902
Tel: +65 6220 9070
Fax: +65 6223 9177

COMPANY REGISTRATION NUMBER

200406502E

PRINCIPAL PLACE OF BUSINESS

Chenjiagang Chemical Zone
Xiangshui, Yancheng City
Jiangsu Province
People's Republic of China

58 Tong Yuan Road
Taixing Chemical Zone
Jiangsu Province
People's Republic Of China

SHARE REGISTRAR

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road #02-00
Singapore 068898

AUDITORS

Foo Kon Tan LLP
47 Hill Street #05-01
Singapore Chinese Chamber of Commerce
and Industry Building
Singapore 179365

Partner-in-Charge: Tei Tong Huat
Year of Appointment: FY2014



CORPORATE GOVERNANCE REPORT

企业治理报告

The Board of Directors of SUNVIC CHEMICAL HOLDINGS LIMITED (the “Company”) (the “Board”) is committed to maintain high standards of corporate governance within and throughout the Company and its subsidiaries (collectively known as, the “Group”) by closely following the recommendations of the Code of Corporate Governance 2012 (the “2012 CG Code”). The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure compliance with the Listing Manual of the Singapore Exchange Securities Trading Limited (the “SGX-ST”).

昇立化工控股有限公司（简称“公司”）的董事会致力于在企业内外及其子公司中（合称“集团”），遵从2012年企业治理准则（简称“2012准则”）贯彻执行高水准的企业治理。公司会继续在实施和业务的增长方面加强其企业治理，以及不时地审查本公司的企业治理，确保遵守新加坡证券交易所的《上市手册》。

BOARD MATTERS

董事会事务

Principle 1: Board’s Conduct of Affairs

原则1：董事会对事务的管理

The Board is entrusted with the responsibility for the overall management of the Group with primary function to protect interest of shareholders and to enhance long-term value and returns for its shareholders. Besides carrying out its statutory responsibilities, the Board is also responsible for the following key matters:

董事会被授权具有对集团进行全面管理的职责，首要的职能在于保护和增进股东的长期利益和回报。除了执行其法定义务，董事会监督的重大事务包括：

- a) approving broad policies, strategies and objectives of the Group and monitor the achievement of these objectives;
批准集团的主要方针、战略和目标，并且监控目标实施成果；
- b) reviewing Management performance;
审核管理层表现；
- c) conducting periodic reviews of the Group’s internal control, risk management, financial performance, compliance practices, information technology controls and resources allocation;
针对集团内部控制、风险管理、财务表现、合规方针实践，信息技术控制和资源配置等进行定期检查；
- d) approving annual budgets, major funding proposals, investment and divestment proposals; and
批准年度预算、重大融资方案、投资和撤资建议；和
- e) providing oversight in the proper conduct of the Group’s business and assume responsibility for corporate governance.
监管集团业务的妥善进行，以及承担企业治理方面的职责。

The Board conducts meetings on a quarterly basis to coincide with the announcement of the Group’s quarterly and full year financial results and as and when it deems necessary. The Constitution of the Company allows Directors to convene meetings by teleconferencing or videoconferencing.

董事会每季度召开一次会议，这与集团做季度和年度财务结果公告的频率相一致。董事会会议也可在任何有需要的时候召开。公司章程允许公司董事通过电话会议或者视频会议的形式召开董事会。

The Board is also being informed about the operations of the Group through regular updates by Management other than the quarterly meetings.

除季度董事会会议以外，管理层也将定期向董事会汇报集团的运营情况。

CORPORATE GOVERNANCE REPORT

企业治理报告

The following are matters which require the Board's approval:

下列事务须交由董事会批准：

- a) material acquisitions and disposal of assets;
重大的资产购置或变卖；
- b) corporate or financial restructuring;
企业或财务重组；
- c) share issuance, dividends and other returns to shareholders;
股票发行、股息和其他的股东收益；
- d) matters as specified under the Group's Interested Person Transaction Policy; and
集团关联方交易政策规定下的相关事宜；和
- e) any major investment or expenditure.
所有重大投资或支出。

To assist in the execution of its responsibilities, the Board has formed three committees, namely Audit Committee ("AC"), Remuneration Committee ("RC") and Nominating Committee ("NC"). In addition, in order to strengthen the independence of the Board, the Company has appointed a Lead Independent Director, Mr Siow Chee Keong, to co-ordinate and lead the Independent Directors and to provide a non-executive perspective and to contribute healthy balance of view-points.

为协助其履行职责，董事会已经组建了三个委员会，即审计委员会、薪酬委员会和提名委员会。此外，为了加强董事会的独立性，公司已委任萧子强先生为首席独立董事，在协调和领导独立董事的同时也从非执行人员的视角提供稳健平衡的观点。

The Board may, as it deems necessary, form a committee and appoint members with requisite knowledge and experience to review and monitor performance of specific investments of the Group.

如董事会认为有必要，可以组建委员会并委派具有专业知识和经验的成员对具体的投资项目进行检讨和监督。

All Directors will receive updates on changes in relevant laws and regulations, industry development, business initiatives and challenges, and financial reporting standards on a regular basis. Directors are encouraged to attend relevant courses conducted by, inter alia, the Singapore Institute of Directors, the SGX-ST, professional associates, and business and financial institutions.

所有董事将定期收到有关法规条款、行业发展、业务建议和面临的挑战，以及财务报告准则等方面的更新内容。鼓励董事参加由新加坡董事协会、证交所、专业协会以及业务和财务协会所举办的培训课程。

Directors with no previous Board experience have to undergo orientation and training programme to develop the requisite individual skills. They are given training appropriate to the level of their previous experience and are provided with extensive background information about the Group's history and core values, its strategic direction and corporate governance practices as well as industry-specific knowledge. Directors also have the opportunity to visit the Group's operational facilities and meet with Management to gain a better understanding of the Group's business operation.

先前没有董事会经验的董事需要接受培训，从而提升必备的个人技能。培训将根据他们先前的经验资历，提供详细的集团背景资料，包括集团历史和核心价值、战略方向和公司治理惯例以及具体的行业知识。董事们也有机会参观集团的营运设施并与管理层沟通以获得对集团业务状况的进一步了解。

CORPORATE GOVERNANCE REPORT

企业治理报告

Principle 2: Board's Composition and Guidance

原则2: 董事会结构和指导

The Board as at 31 December 2015 comprises six Directors of whom three are Executive Directors and three are Independent Directors.

截至2015年12月31日，董事会包含六位董事，其中三位为执行董事、三位为独立董事。

There is therefore a good balance between the Executive and Non-Executive Directors and a strong and independent element on the Board. The requirement of the 2012 CG Code that at least one-third of the Board consists of independent directors is satisfied.

因此，执行董事和非执行董事之间有良好的平衡，以及董事会上有强大和独立的因素。2012准则要求董事会成员至少有三分之一是独立董事，公司符合此要求。

The Board has the appropriate mix of core competencies and diversity of experience, including in the area of accounting or finance, business management and legal, grasp of corporate strategy and potential to contribute to the Company's businesses. However, there is no gender diversity in the Board yet and the Board will enhance the diversity of the Board if it encounters suitable candidates. The profile of the Directors is set out on pages 10 and 11 of this Annual Report.

董事会具有核心能力和经验多样性，包括在会计或财务、商业管理和法律等领域的背景，以及对公司战略的掌握和为公司业务作出贡献的能力。然而，在董事会组成的性别还比较单一，如果有适合的候选人，则公司会考虑董事会有男女董事共同组成。各位董事的资历详情请见本年度报告的10和11页。

Following Mr Sun Liping stepped down as Chairman of the Board, the Company has yet to appoint any replacement. Nevertheless, at every Board and general meetings, the Directors and shareholders will appoint a Chairman of the meeting from among the Directors. Once a suitable candidate is identified, an announcement will be made via SGXNet.

随着孙立平先生从董事会主席的职位退下来，公司还没有委任任何人上任。然而，每一次的董事会会议和股东大会，董事和股东们会从董事中委任一位担任会议主席。一旦有合适的人选，会通过新交所网站发布公告。

The Board considers the present board size and number of committees facilitate effective decision-making and are appropriate given the nature and scope of the business of the Group's operations.

董事会认为目前的董事会规模和委员会数量有利于集团决策的有效进行，并适合集团运作业务的性质和范围。

The Board has taken the following steps to maintain or enhance its balance and diversity:

董事会采取了以下措施来维持董事会的平衡和多样性：

- Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
提名委员会每年检讨现有董事会的贡献和核心竞争力并提高董事会的绩效；以及
- Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.
董事们每年对董事拥有的技能进行评估，以了解董事会还缺乏哪些专业能力。

The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.

提名委员会将对这些措施的结果进行考虑，以推荐新的董事或重新委聘现任董事。

CORPORATE GOVERNANCE REPORT

企业治理报告

The independence of each Director is also reviewed by the NC. The NC adopts the 2012 CG Code's definition of what constitutes an independent director in its review. As a result of the NC's review of the independence of each Director, the NC is of the view that the Independent Non-Executive Directors of the Company are independent, and further, that no individual or small group of individuals dominate the Board's decision making process.

每位董事的独立性都会被提名委员会审核。提名委员会采用2012企业治理准则对独立董事的定义。提名委员会在审核了每位董事的独立性后认为，公司独立的非执行董事是独立的，更进一步就是说没有个体或者小撮的个体支配董事会的决策过程。

Further, the NC has also conducted rigorous review on Mr Raymond Ong Sie Hou and Mr Siow Chee Keong (who were appointed on 27 February 2006), who have served on the Board beyond nine years. The NC and the Board is of the view that Mr Raymond Ong Sie Hou and Mr Siow Chee Keong are considered independent as they are only involved in the Board's strategic matters, have never been involved in any daily operational matters and they have no relationship with the Company, its related corporations, its shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment of the Group's affairs with a view to the best interests of the Company.

还有，提名委员会对超过9年的董事翁士豪先生和萧子强先生进行了严格的评估（他们于2006年2月27日受聘）。提名委员会和董事会认为，翁士豪先生和萧子强先生是独立的，他们只参与董事会的策略决策事宜，而没有参与日常的运作，他们与公司、关联公司、股东以及公司管理层也没有任何特殊关系，也没有过多的干涉，并且能够以独立的判断对集团的事务提出有利于公司的意见或看法。

Principle 3: Chairman and Chief Executive Officer

原则3：主席和首席执行官

The Company is in the midst of finalising the appointment of a new Chairman of the Board, and will keep the shareholders update in due course. Mr Sun Xiao is the Chief Executive Officer ("CEO") of the Company.

公司正在进行遴选新的董事会主席的最后阶段，一旦确定，将会及时通知股东。孙晓先生目前是公司的首席执行官。

The Board is of the view that there is already a sufficient strong independent element in the Board which could enable the independent exercise of objective judgment on corporate affairs of the Group, taking into account the number of independent directors sitting on the Board together with the size and scope of the affairs and operations of the Group.

考虑到当前董事会成员人数，公司营运的要求及独立董事的人数，董事会认为董事的独立性足够强，可以对集团事务进行独立及客观的判断。

Apart from the day-to-day operations of the Group, Mr Sun Xiao also undertakes responsibility in managing the business of the Board and the Board committees and exercising control over the quality, quantity, accuracy and timeliness of information flow between the Board and Management of the Company as well as between the Company and its shareholders. He encourages constructive relations between the Board and Management and between the Executive Directors and the Independent Directors.

除了管理集团的日常运作之外，孙晓先生还负责董事会和其委员会事务，并负责控制董事会和公司管理层之间，公司及其股东之间信息流通的质量、数量、准确性和及时性。他促进董事会与管理层之间以及执行董事和独立董事之间的建设性关系。

He also takes a leading role in ensuring the Company's compliance with corporate governance guidelines and monitors and translates the Board's decision and wishes into executive action.

他也在确保公司遵循企业治理指导方针，并将董事会的决策和意愿转化为可执行方案等方面起主导及监督的角色。

CORPORATE GOVERNANCE REPORT

企业治理报告

The strong independent element on the Board is strengthened by the appointment of lead independent director. Mr Siow Chee Keong, the Lead Independent Director since 2006, will be available to shareholders who have concerns which contact through the normal channels of the CEO or Group Financial Controller has failed to resolve or for which such contact is inappropriate.

委聘首席独立董事萧子强先生是董事会的独立性的具体表现。萧子强先生于2006年受委为首席独立董事。股东有任何疑问，都可以通过正常渠道，在集团的首席执行官或财务总监不能解答或者不适合解答的情况下，联系到萧子强先生。

Where necessary, the Lead Independent Director will chair meetings with the Independent Director without involvement of the Directors, to aid and facilitate well-balanced viewpoints on the Board.

如有必要，首席独立董事将召开独立董事会议，在其他董事不参与的情况下，对董事会提出帮助平衡的建议。

NOMINATION MATTERS

提名事务

Principle 4: Board Membership

原则4：董事会成员

The NC makes recommendation to the Board on all board appointments. The NC comprises three members, all of whom, including the Chairman are independent. The members of the NC are as follows:-

Mr Raymond Ong Sie Hou	(Chairman)	(Independent Director)
Mr Siow Chee Keong	(Member)	(Lead Independent Director)
Mr Yap Chee Wee	(Member)	(Independent Director)

The nature of the Director's appointment on the Board and details of their membership on the Board committees as at 31 December 2015 are set out below:-

提名委员会就董事会相关的任命向董事会提出建议。提名委员会有3名成员，其中包括主席在内的所有成员都是独立的。他们分别是独立董事翁士豪先生，首席独立董事萧子强先生和独立董事叶志伟先生，其中翁士豪先生为提名委员会主席。各董事的职位性质和董事会委员会成员的具体情况见下表：

Board of Directors 董事会	Board Membership 董事会成员	Audit 审计委员会	Remuneration 薪酬委员会	Nominating 提名委员会
Sun Xiao 孙晓	Executive Director and CEO 执行董事兼首席执行官			
Yang Guoqiang 杨国强	Executive Director 执行董事			
Zhu Wuling 朱吾陵	Executive Director 执行董事			
Siow Chee Keong 萧子强	Lead Independent Director 首席独立董事	Chairman 主席	Member 成员	Member 成员
Raymond Ong Sie Hou 翁士豪	Independent Director 独立董事	Member 成员	Member 成员	Chairman 主席
Yap Chee Wee 叶志伟	Independent Director 独立董事	Member 成员	Chairman 主席	Member 成员

CORPORATE GOVERNANCE REPORT

企业治理报告

The NC has adopted terms of reference that describes its duties and responsibilities.
提名委员会采纳了说明其义务与职责的参考条款。

The principal functions of the NC are as follows:
提名委员会的主要职能如下：

- a) to make recommendations to the Board on all board appointments, including re-nominations, having regard to the Director's contribution and performance (for example, attendance, preparedness, participation and candour) including, if applicable, as an Independent Director. All Directors shall be required to submit themselves for re-nomination and re-election at regular intervals and at least once every three years;
向董事会推荐所有有关董事任命事宜，包括根据董事（或者作为独立董事）的贡献和表现（例如：出席率，准备，参与和正直）对其进行重新任命，所有董事必须在定期内并且至少三年一次被重新提名和重新选举。
- b) to recommend to the Board the review of board succession plans for the Company's Directors, in particular, for the Chairman and CEO;
向董事会推荐公司董事（特别是对主席和首席执行官）的继任计划的审查。
- c) to determine annually whether or not a Director is independent;
每年评估董事的独立性。
- d) in respect of a director who has multiple board representations on various companies, to decide whether or not such Director is able to and has been adequately carrying out his/her duties as Director, having regard to the competing time commitments that are faced when serving in multiple boards;
对于在不同公司担任董事会成员的董事，考虑到其在多家董事会任职，在时间投入方面，需要决定此董事是否能够和充分履行其董事的职责；
- e) to decide how the performance of the Board, the Committees and Directors may be evaluated and propose objective performance criteria, as approved by the Board that allows comparison with its industry peers, and address how the Board has enhanced long terms shareholders' value.
评估董事会，各委员会和董事的表现，并提出客观的评估标准供董事会批准，允许和同行业相比较，以及建议董事会如何提高长期的股东价值。

To address the competing time commitments that are faced by the Directors who serve on multiple boards of publicly listed companies, the Board has determined that the maximum number of listed company board representations each Director is allowed to hold is as follows:-

为了解决在多家上市公司的董事会任职的董事面对时间投入的问题，董事会决定了每个董事在上市公司董事会任职的公司最大数量如下：

- a) directorships without other executive roles – six
非执行董事职位—六家公司
- b) directorships with other executive roles – four
执行董事职位—四家公司

The contributions by Directors to and during meetings of the Board and relevant Board Committees as well as their attendance at such meetings are holistically assessed and taken into account by the NC.
每个董事他们参加董事会或相关委员会会议时的贡献以及出席率都会由提名委会评估。

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Process for the Selection and Appointment of New Directors 选举或委任新董事的程序		
1.	Determination of selection criteria 确定董事的资格要求	The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills/experience/knowledge to complement and strengthen the Board. 提名委员会在征求董事会意见的同时，确定目前董事会所需新董事应具备的技能、经验和知识等，以完善和强化董事会的构成。
2.	Search for suitable candidates 寻找适合的候选人	The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage external search consultants where necessary. 提名委员会可以考虑董事、主要管理层或大股东推荐的人选，如有需要，也可以委托外部咨询公司来挖掘适合的人选。
3.	Assessment of shortlisted candidates 遴选出几个候选人	The NC would meet and interview the shortlisted candidates to assess their suitability. 提名委员会面试候选人，评估他们是否合适。
4.	Appointment of director 委任董事	The NC would recommend the selected candidate to the Board for consideration and approval. 提名委员会推荐心仪的候选人供董事会考虑和批准。
Process for the Re-electing Incumbent Directors 现任董事的重新选举程序		
1.	Assessment of director 董事评估	- The NC would assess the performance of the director in accordance with the performance criteria set by the Board; and 提名委员会根据董事会设定的对该董事的要求标准来考核该董事的表现；以及 - The NC would also consider the current needs of the Board. 提名委员会也会考虑目前董事会是否需要这样的人选。
2.	Re-appointment of director 重新委任董事	Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval. 如果提名委员会对该董事的评估满意，则向董事会推荐重新聘用该董事，以获得董事会的批准。

New Directors who are appointed by the Board will submit themselves for re-election at the annual general meeting following their appointment. In accordance with the provisions of the Company's Constitution, at least one-third of the Directors are required to retire from office at every annual general meeting. Every Director must retire from office at least once in every three years. A retiring Director is eligible and may be nominated for re-election.

受董事会任命的新董事需要在下一年度公司股东大会上被推荐再次选举连任。按照公司章程的规定，至少三分之一的董事需要在每年的股东大会中轮值退休。每位董事每三年必须至少轮值退休一次。该轮值退休的董事有资格被重新提名选举连任。

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Having considered their overall contributions and performance, the NC has recommended to the Board that Mr Sun Xiao and Mr Zhu Wuling be re-appointed as Directors at the forthcoming Annual General Meeting ("AGM"). Upon re-election, Mr Sun Xiao and Mr Zhu Wuling shall remain as a Director of the Company. Mr Sun Xiao is also the Chief Executive Officer of the Company.

考虑到孙晓先生和朱吾陵先生的贡献和表现，提名委员会建议在来临的年度股东大会上重新委任孙晓先生和朱吾陵先生为董事。重新选举之后，孙晓先生和朱吾陵先生仍旧为公司董事，孙晓先生也是公司的首席执行官。

Only one of the two Directors submitted for re-election at the forthcoming AGM, namely, Mr Sun Xiao, has an immediate family relationship with its 10% shareholders. The NC reviewed and noted that Mr Zhu Wuling does not have any relationship including immediate family relationships with other Directors, the Company or its 10% shareholders.

在以上两位即将召开的年度股东大会上被推选为重新选举的董事中，其中一位，即孙晓先生与公司10%的股东有直系亲属关系；提名委员会审核之后认为，朱吾陵先生与其他董事以及公司或者10%的股东没有任何包括直系亲属在内的关系。

Each member of the NC has abstained from voting on any resolution in respect of the assessment of his performance or re-nomination as a Director of the Company. In the event any member of the NC has an interest in a matter being deliberated upon by the NC, he will abstain from participating in the review and approval process relating to that matter.

提名委员会的成员必须回避就自己的表现评估和其重新任命的决议进行表决。如果提名委员会的成员与提名委员会研讨的问题有利益关系，他将放弃参与此次研讨。

The date of initial appointment and last re-election of each Director, together with his directorships in other listed companies, are set out below:-

各董事初次任命的日期和上一次连任的日期，以及其他上市公司任职的董事职位的详情见下表：

Director 董事	Date of Initial Appointment 初次任命日期	Date of Last Re-election/Re-appointment 上一次连任／重新任命日期
Sun Xiao 孙晓	16/05/2012	30/04/2013
Yang Guoqiang 杨国强	27/02/2006	30/04/2014
Zhu Wuling 朱吾陵	27/02/2006	30/04/2014
Siow Chee Keong 箫子强	27/02/2006	30/04/2014
Raymond Ong Sie Hou 翁士豪	27/02/2006	29/04/2015
Yap Chee Wee 叶志伟	12/07/2010	29/04/2015

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Director 董事	Directorships in other listed companies 其他上市公司的董事职务		Details of other principal commitments 其他主要职务
	Current 目前	Past three years 过去3年	
Sun Xiao 孙晓	–	–	–
Yang Guoqiang 杨国强	–	–	–
Zhu Wuling 朱吾陵	–	–	–
Siow Chee Keong 箫子强	• Epicentre Holdings Limited	• Darco Water Technologies Ltd	–
Raymond Ong Sie Hou 翁士豪	• Kim Heng Offshore & Marine Holdings Ltd • AA Group Holdings Ltd.	–	–
Yap Chee Wee 叶志伟	–	• China Gaoxian Fibre Fabric Holdings Ltd	–

Principle 5: Board Performance

原则5：董事会表现

The NC has been given the task of evaluating the Board's performance as a whole, and the performance of individual Directors using objective and appropriate quantitative and qualitative criteria. Assessment parameters include the attendance records of the Directors at Board and Committee meetings, the level of participation at such meetings, the guidance provided to Management and the quality of Board processes and the business strategy and performance of the Group. The Board is of the opinion that a separate assessment on the effectiveness of the Board Committees is not necessary as the Board Committees share common members.

提名委员会通过客观并恰当的定量和定性标准，对董事会的总体表现和各位董事的独立表现进行评估。评估参数包括董事出席董事会和委员会会议的出席率，在这些会议中的参与程度，以及对于管理层和董事会工作质量和集团业务战略和表现的指导。董事会认为没有必要单独对董事会各委员会的有效性进行评估，因为各委员会成员也同时担任其他委员会的成员。

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For FY2015, the review process was as follows:

对于2015年度，评估的程序如下：

1. All Directors individually completed a board evaluation questionnaire on the effectiveness of the Board and the individual Directors based on criteria disclosed;
所有的董事会成员对董事会整体以及各董事按照对其的个别要求独立地完成评估问卷；
2. The Company Secretary collated and submitted the questionnaire results to the NC Chairman; and
公司秘书收集问卷并交给提名委员会主席；以及
3. The NC discussed the results and concluded the performance results during the NC meeting.
提名委员会讨论调查结果并且得出评估结论。

All NC members have abstained from the voting or review process of any matters in connection with the assessment of his performance or re-appointment as a Director of the Company.

所有提名委员会成员将回避对其本人的表现或重新委任为董事等事宜的投票和评估过程。

No external facilitator was used in the evaluation process.

在评估的过程中没有用到外部的力量。

The NC, having reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole, is of the view that the performance of the Board has been satisfactory in FY2015 and that the Board has met its performance objectives in FY2015.

提名委员会，在评估了所有董事的角色、责任和表现之后，认为董事会在2015年度的表现令人满意，而且达到了目标。

The NC is of the opinion that the Board is able to exercise objective judgment on corporate affairs independently and no individual or small group of individuals dominates the Board's decision making process.

提名委员会认为董事会有能力独立地对公司事务作出客观判断，没有个体或者小撮的个体支配董事会的决策过程。

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The attendances of each Board member at meetings of the Board and other committees in respect of FY2015 are as follows:
截止2015年12月31日财年中董事会和各委员会会议的董事出席情况如下:

Name 姓名	Board of Directors 董事会		Audit Committee 审计委员会		Nominating Committee 提名委员会		Remuneration Committee 薪酬委员会	
	Held 举行次数	Attended 参会次数	Held 举行次数	Attended 参会次数	Held 举行次数	Attended 参会次数	Held 举行次数	Attended 参会次数
Current Directors 现任董事								
Sun Xiao 孙晓	4	4	–	–	–	–	–	–
Yang Guoqiang 杨国强	4	3	–	–	–	–	–	–
Zhu Wuling 朱吾陵	4	4	–	–	–	–	–	–
Siow Chee Keong 箫子强	4	4	5	5	1	1	1	1
Raymond Ong Sie Hou 翁士豪	4	4	5	4	1	1	1	1
Yap Chee Wee 叶志伟	4	4	5	5	1	1	1	1

Principle 6: Access to Information

原则6: 获得信息

To enable the Board to fulfill its responsibility, Management strives to provide Board members with complete, adequate and timely information for Board and committee meetings on an on-going basis. The Directors have separate and independent access to the Group's Senior Management at all times.

为使董事会履行其职责，管理层力争持续地向董事会成员提供完整、充分和及时的信息。董事可随时与集团高层进行单独和独立的沟通。

The Directors are always provided with relevant information on a timely manner prior to each Board meeting and committee meeting. This is to give the Directors sufficient time to review and consider the matters being tabled and/or discussed. The Senior Management will also be invited to attend Board Meetings to provide additional insights into matters being discussed, and to respond to any queries that the Directors may have.

董事会会议和委员会会议之前，需要及时提供给董事相关的资料。这是为了给董事充足的时间审核和考虑要讨论的问题。高层管理人员也会被邀请参加董事会会议，他们会针对讨论的问题提供额外的信息，并回答董事的提问。

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In respect of the annual budgets, any material variances between the projections and actual results are disclosed and explained to the Board by the Management during the Board Meetings.

关于年度预算，预算和实际结果之间有任何重大的差异，都要报告并在董事会上由管理层向董事会解释。

All Board members have separate and independent access to the advice and services of the Company Secretary.

所有董事会成员可以分别并独立地向公司秘书获取建议和服务。

The role of the Company Secretary, the appointment and removal of whom is a matter for the Board as a whole, is as follows: 董事会决定委任或解聘公司秘书，公司秘书的角色如下：

- to ensure that Board procedures are observed and that the Company's Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act (Chapter 289) of Singapore, the Companies Act (Chapter 50) of Singapore and the Listing Manual of SGX-ST, are complied with;
确保董事会程序的执行，以及与公司章程、有关法律和条规包括新加坡证券法第289章、公司法第50章和新交所上市手册的要求相一致；
- to assist the Chairman and the Board to implement and strengthen corporate governance practices, with a view to enhancing long-term shareholder value;
协助主席和董事会实行有力的企业治理，以提高股东的长期价值；
- to assist the Chairman to ensure good information flows within the Board and its committees and key management personnel;
协助主席确保董事会和各委员会以及管理层之间信息畅通；
- to facilitate orientation and assisting with professional development as required;
必要时提供专业性的指导和帮助；
- to train, design and implement a framework for key management personnel's compliance with the Listing Manual of the SGX-ST, including timely disclosure of material information;
为管理层人员提供培训、设计和执行框架，以确保按新交所的《上市手册》执行，包括及时披露重要信息；
- to attend and prepare minutes for all Board meetings;
参加并准备所有董事会的会议纪要；
- As secretary to all the other Board Committees, the Company Secretary assists to ensure coordination and liaison between the Board, the Board Committees and key management personnel; and
作为各委员会的秘书，公司秘书协助确保董事会、各委员会以及管理层人员之间的沟通和合作；以及
- to assist the Chairman, the Chairman of each Board Committee and key management personnel in the development of the agendas for the various Board and Board Committee meetings.
协助主席、各委员会主席以及管理层人员准备各项会议议程。

Individual Director or as a group, may seek professional advice in furtherance of their duties and the costs will be borne by the Company.

单个董事或者作为一个整体，为了履行他们的职责义务，可寻求专业建议，费用由公司承担。

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企业治理报告

REMUNERATION MATTERS

薪酬事务

Principle 7: Procedures for Developing Remuneration Policies

原则7：推进薪酬政策的程序

The Board has a RC comprising three members, all of whom, including the Chairman are independent.
董事会的薪酬委员会由三个成员组成，其中包括委员会主席在内的所有成员都是独立的。

Mr Yap Chee Wee	(Chairman)	(Independent Director)
Mr Siow Chee Keong	(Member)	(Lead Independent Director)
Mr Raymond Ong Sie Hou	(Member)	(Independent Director)

成员分别为独立董事叶志伟先生、首席独立董事萧子强先生和独立董事翁士豪先生，其中叶志伟先生为薪酬委员会主席。

The RC has adopted terms of reference that describes its duties and responsibilities.
薪酬委员会采纳了说明其义务与职责的参考条款。

The principal functions of the RC are:
薪酬委员会的主要职能如下：

- a) to review and recommend to the Board a framework of remuneration for the Directors and key management personnel;
向董事会提呈评估和建议董事及核心管理人员的薪酬架构；
- b) to determine the specific remuneration packages for each Executive Director and the CEO;
确定每个执行董事和首席执行官的具体薪酬配套；
- c) in the case of service contracts, to consider what compensation commitments the Directors' or key management personnel's contracts of service, if any, would entail in the event of early termination with a view to be fair and avoid rewarding poor performance; and
如果董事或核心管理人员的服务合同需要提前解除，需要以公正的态度复查补偿承诺，避免对不佳的表现给予过高的报酬；以及
- d) to recommend the fees of the Directors.
建议董事的董事费。

In its review, the RC's objective is to establish and maintain a level of remuneration that would be appropriate to attract, retain and motivate the Directors and key management personnel to run the Group successfully. The RC also ensures that the remuneration policies and systems of the Group support the Group's objectives and strategies.

在其评估过程中，薪酬委员会的目标在于建立和维持能够吸引、保留和激励董事和核心管理人员成功运作集团的薪酬水平。薪酬委员会也需要确保集团的薪酬政策和系统支持集团的目标和战略。

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If necessary, the RC will seek expert advice inside the Company and/or outside professional advice on remuneration of all Directors and ensure that existing relationships, if any, between the Company and its appointed consultants will not affect the independence and objectivity of the consultants. No remuneration consultants were engaged by the Company during FY2015. 如有必要，薪酬委员会将会向公司内部或外部的专业机构，就董事的薪酬问题寻求专业的意见，以保持现有的关系；但是，公司与咨询顾问之间的委托关系不会影响其独立性和咨询的目的。公司在2015财年公司没有委托薪酬顾问。

The recommendations of the RC will be submitted for endorsement by the entire Board. Each member of the RC shall abstain from voting on any resolution and making any recommendations in respect of his remuneration package. 薪酬委员会的建议将提交给董事会来确认。薪酬委员会成员必须回避对其本人的薪酬配套的投票和建议等。

Principle 8: Level and Mix of Remuneration

原则8：薪酬组合水平

The RC reviews and recommends to the Board a framework of remuneration for the Directors and key management personnel, and determines specific remuneration packages for each Executive Director. The recommendations of the RC on remuneration of Directors would be submitted for endorsement by the entire Board.

薪酬委员会负责检讨和向董事会推荐董事以及核心管理人员的薪酬，制定每个执行董事的薪酬配套。这些建议必须提呈给董事会批准。

All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits in kind are covered by the RC. Each member of the RC shall abstain from voting on any resolution in respect of his remuneration package.

薪酬的各个方面，包括并不限于董事费、薪水、补助、花红、期权、福利等。每个薪酬委员会成员对本身的薪酬配套无投票权。

In setting the remuneration packages of the Executive Directors and key management personnel, the Company takes into consideration the remuneration and employment conditions and makes a comparative study of the packages of Executive Directors and key management personnel in comparable companies/industries as well as the Group's relative performance. 在制定执行董事和核心管理人员的薪酬总额时，公司考量薪酬和雇佣状况，并参考类似公司／行业的董事和核心管理人员薪酬配套和本集团的相关表现进行比较研究。

Non-Executive Directors are paid a basic fee and an additional fee for serving on any of the committees. The Chairman of each of these committees is compensated for his additional responsibilities. Such fees are approved by the shareholders of the Company as a lump sum payment at the AGM of the Company.

公司将支付非执行董事基本董事费和其作为委员会成员的额外董事费。每个委员会的主席因为其额外职责将得到相对应的酬劳补偿。这些董事费用的总额将在年度股东大会上由公司股东批准。

CORPORATE GOVERNANCE REPORT

企业治理报告

Principle 9: Disclosure on Remuneration

原则9：薪酬披露

The breakdowns showing the level and mix of remuneration paid to each director for FY2015 is as follows:-
截止2015年12月31日财年的董事薪酬细目分类如下：

Name 姓名	Salary 薪水	Bonus 花红	Other Benefits 其他福利	Fees 董事费	Total 总计
	%	%	%	%	RMB'000
Current Directors 现任董事					
Sun Xiao 孙骁	49	51	–	–	1,971
Yang Guoqiang 杨国强	31	69	–	–	650
Zhu Wuling 朱吾陵	32	68	–	–	677

Name 姓名	Salary 薪水	Bonus 花红	Other Benefits 其他福利	Fees 董事费	Total 总计
	%	%	%	%	S\$'000
Siow Chee Keong 萧子强	–	–	–	100	115.5
Raymond Ong Sie Hou 翁士豪	–	–	–	100	110.0
Yap Chee Wee 叶志伟	–	–	–	100	110.5

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The remuneration paid to each of the top key management personnel who are not Directors of the Company are all below S\$250,000. A breakdown of the level and mix of remuneration of these top key management personnel is as follows:

给并不担任董事职务的核心管理人员的薪酬全部都在年薪25万元新币以下。首2位核心管理人员的薪酬组合明细如下：

Name 姓名	Fees 费用	Salary 薪水	Bonus 花红	Other Benefits 其他福利	Total 总计
	%	%	%	%	%
Lim Jin Sin 林仁心	–	76	24	–	100
Chen Weihua 陈卫华	–	36	64	–	100

Note 注:

* Lim Jin Sin and Chen Weihua are the only top key management personnel for the year ended 31 December 2015 ("FY2015").
2015财年只有林仁心和陈卫华两位主要管理层人员。

Shareholders' approval will be sought at the forthcoming AGM of the Company on 29 April 2016, for the payment of directors' fees proposed for FY2015 amounting to an aggregate of S\$336,000.

建议的2015年度的董事费总计为336,000新元，将在2016年4月29日召开的年度股东大会上征求股东的批准。

The total remuneration paid to the top two key management personnel was S\$343,000 for FY2015.

2015年度付给首2位核心管理人员的薪酬总计为343,000新元。

There are no termination, retirement and post-employment benefits granted to Directors, the CEO or the top two key management personnel.

公司没有给予董事、首席执行官以及首2位核心管理人员任何终止、退休或雇佣关系结束后的任何福利待遇。

At present, the Company does not have any employee share option scheme.

目前，公司没有任何员工期权计划。

There is no other employee of the Company, who is an immediate family member of a Director and/or the CEO, whose remuneration exceeded S\$50,000 during FY2015.

集团在截止2015年12月31日的财年中，没有某位董事的直系亲属、且其薪酬超过50,000新元的员工。

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The annual reviews of the compensation are carried out by the RC to ensure that the remuneration of the Executive Directors and key management personnel commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. The Company's compensation framework comprises a basic salary component and a variable component which is the annual bonus, based on the performance of the Group as a whole and their individual performance and employment conditions within the industry. On the joint venture with Arkema Asie SAS ("Arkema"), even though Arkema has decided not to exercise the first call option to increase its equity interest in Sunke, however both parties are in on-going negotiations to come to an agreement as to the fulfilment of the respective rights and obligations towards the joint venture. This is attributable to the support and contribution of the Management and employees of the Group. Given the situation, qualitative evaluation is more appropriate and has been used to evaluate and assess Management's performance in FY2015. This is designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance so as to promote the long-term sustainability of the Group.

薪酬委员会会对报酬问题进行年度审核，以保证执行董事和高级管理人员的薪酬与他们的表现以及公司的整体表现挂钩，并且考虑到集团的财务和商业以及业务资金需求。公司的薪酬架构包括基本工资和可变动工资（即根据集团整体表现、员工个人表现以及行业内员工条件的年度花红）两部分。在与Arkema Asie SAS（“阿科玛”）成立的合资公司方面，尽管阿科玛已经决定不执行他们提高在合资公司异科的第一个选择权，然而，双方一直在讨论形成一个协议，继续执行双方在合资公司的权利和义务。这归功于集团的管理层和员工的积极支持和贡献。鉴于目前情况，定性评估更适合一些，而且此方法已经被用来评估管理层在2015财年的表现。这个设计是将股东的利益和公司以及员工的表现相结合，以促进集团长期持续稳定发展。

ACCOUNTABILITY AND AUDIT

责任制和审计

Principle 10: Accountability

原则10：责任制

In presenting the full year financial statements and quarterly financial result announcements to shareholders, it is the aim of the Board to provide the shareholders with a balanced and understandable assessment of the Group's performance, position and prospects.

在向股东提交年度财务报表和季度报告中，董事会旨在向股东提交一份对集团表现、目前状况以及前景展望的平衡的、便于理解的评估报告。

Management currently provides the Board with a continual flow of relevant information on a timely basis in order that it may effectively discharge its duties. Management does not provide all members of the Board with management accounts and such explanation and information on a monthly basis. Instead, the Board members are provided with quarterly financial reports, summary and analysis on the Group's performance for monitoring and decision making.

目前管理层及时并持续地向董事会提供相关信息，以便董事会有效地履行其职责。其中包括提供最新的财务报告以及对集团经营表现的总结和分析，以便其进行有效的监管和决策。管理层不是对每个董事都提供每月的管理账目和解释，而是提供季度的财务报告、集团业绩表现总结和分析，以供监督和决策。

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Principle 11: Risk Management and Internal Controls

原则11：风险管理和内部监控

The Board recognises that no internal control system will preclude all errors and irregularities. The system is designed to manage rather than to eliminate the risk of failure to achieve business objectives. The controls are to provide reasonable, but not absolute, assurance to safeguard shareholders' investments and the Group's assets.

董事会意识到没有一个内部控制系统能够排除所有错误和违规行为。该系统的设计旨在管理而不是完全排除业务失败的风险。这些监控程序能够向股东投资和集团资产的保护提供合理的，但不是绝对的保证。

The Group has appointed Deloitte Touche Tohmatsu CPA LLP to continue in ascertaining the organisation's systems of risk management, control, and governance processes, as designed and represented by Management, is adequate and functioning in a proper manner through carrying out a desktop enterprise risk assessment, as well as a control self-assessment exercise. This will facilitate the Board in providing an opinion on the adequacy of the internal controls, addressing financial, operational, compliance and information technology controls, and risk management systems.

集团委托德勤华永会计师事务所有限公司，通过进行重大风险评估以及控制自我评估的方法，来帮助判断公司目前的风险管理、控制以及治理程序的组织系统是否完善并发挥作用。这将给董事会对企业内部控制、财务、运作以及执行等方面是否完善提供参考意见。

The AC will ensure that a review of the effectiveness of the Group's material internal controls, including financial, operational, compliance and information technology controls, and risk management systems is conducted annually. The AC will review the audit plans, and the findings of the auditors and will ensure that the Group follows up on the auditors' recommendations raised, if any, during the audit process.

审计委员会将确保对集团内控的有效性进行年度检查，包括财务、经营、合规和信息技术控制，以及风险管理。审计委员会将审核审计计划及审计师发现的问题，并确保集团能够根据审计师提出的建议实施相应的改进措施。

The AC has reviewed the Group's risk and internal control assessment and based on the internal auditors' reports and the internal controls in place, it is satisfied that there are continuous improvements for internal controls in the Group.

审计委员会已经基于内审报告审查了集团的风险和内部监控评估。审计委员会对集团内部监控的不断改进表示满意。

The Board had received assurance from the CEO and Group Financial Controller: (a) that the financial records as at 31 December 2015 have been properly maintained and the financial statements for FY2015 give a true and fair view of the Company's operations and finances, and (b) regarding the effectiveness of the Company's risk management and internal control systems.

董事会收到首席执行官和首席财务总监的保证，保证(a)公司截至2015年12月31日的财务记录保存完好，2015财年财务报告中关于公司的营运和财务资料是真实的和公正的以及(b)关于公司风险管理和内部控制的有效性。

The Board of Directors has reviewed the Group's internal controls including financial, operational, compliance and information technology controls, and risk management systems, and, of the opinion that the system of internal controls in place is adequate and effective in all material respects.

董事会已就解决本集团的内部控制，包括财务、运营、合规、信息技术控制以及风险管理系统等进行了审核，并且认为，公司采用的内部控制系统是充足的和有效的。

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Principle 12: Audit Committee

原则12：审计委员会

The Board has an AC comprising three members, all of whom, including the Chairman are independent and have, among them, accounting, legal, business or related financial management expertise and experience. The Independent Directors do not have any existing business or professional relationship of a material nature with the Group, other Directors or substantial shareholders.

董事会的审计委员会由三个成员组成，其中包括委员会主席在内的所有成员都是独立的，并且拥有会计、法律、商业以及相关财务管理的专业背景。独立董事与集团、其他董事或者大股东之间不存在任何实质性的业务或者专业关系。

Mr Siow Chee Keong	(Chairman)	(Lead Independent Director)
Mr Yap Chee Wee	(Member)	(Independent Director)
Mr Raymond Ong Sie Hou	(Member)	(Independent Director)

审计委员会的成员都是独立董事，他们是：萧子强先生（主席）、叶志伟先生（委员）和翁士豪先生（委员）。

The AC assists the Board in discharging its responsibilities to safeguard the assets, maintain adequate accounting records and develop and maintain effective systems of internal control, with the overall objective of ensuring that Management creates and maintains an effective control environment in the Group.

审计委员会协助董事会履行其职责，以保护资产、维护充分的会计记录并开展与维护有效的内部监控系统，总目标在于确保管理层在集团中建立和维护有效的监控环境。

The AC provides a channel of communication between the Board, Management and the external auditors on matters relating to audit.

审计委员会为董事会、管理层和外部审计师在审计事宜方面提供了沟通渠道。

The AC has adopted terms of reference that clearly set out its authority and duties.

审计委员会采纳了说明其义务与职责的参考条款。

The AC meets periodically to perform the following functions:

审计委员会定期召开会议执行以下职能：

- a) to review the audit plans of the external auditors and internal auditors, including the results of the external and internal auditors' review and evaluation of the Group's system of internal controls;
复审外部审计师和内部审计师的审计计划，包括外审和内审的审阅结果和集团内部控制系统的评估；
- b) to review the annual consolidated financial statements and the external auditors' report on those financial statements and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with Singapore financial reporting standards, concerns and issues arising from their audits including any matter which the auditors may wish to discuss in the absence of Management, where necessary, before submission to the Board for approval;
在提交董事会批准之前，复审年度合并财务报表和外部审计师报告，并讨论任何重大调整、主要风险事项、会计政策的变化、遵守新加坡财务报告准则、以及在审计中产生的关注点和问题，也包括审计师希望在管理层不在场的情况下讨论的问题；
- c) to review the periodic consolidated financial statements comprising the income statement and the balance sheet and such other information required by the Listing Manual, before submission to the Board for approval;
在提交董事会批准之前，定期复审合并财务报表，包括损益表、资产负债表和《上市手册》所要求的其他信息；

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- d) to review and discuss with the external and internal auditors, any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and Management's response;
与外部和内部审计师复审和讨论那些可能对集团运行结果或财务状况造成实质影响的可疑舞弊、不规则或者违反有关法律、法规或者规定的事项，以及后续的管理层回复；
- e) to review the co-operation given by Management to the external auditors;
复审管理层给予外部审计师的合作；
- f) to recommend the appointment, re-appointment and removal of the external auditors to the Board;
就外部审计师的委任、重新委任和免职向董事会提出建议；
- g) to review and ratify any interested person transactions falling within the scope of Chapter 9 of the Listing Manual;
复审和批准属于《上市手册》第九章范围内的关联交易；
- h) to review any potential conflict of interests;
复审任何潜在的利益冲突；
- i) to undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and
进行董事会要求的其它项目的复审，并随时将引起审计委员会关注的问题和发现报告董事会；以及
- j) to undertake such other functions and duties as may be required by the statute or the Listing Manual of the SGX-ST, and by such amendments made thereto from time to time.
承担法规或新加坡证交所《上市手册》及其修订版后所要求的其它职能和义务。

The AC carried out the following activities during FY2015 in the discharge of its functions and duties including the deliberation and review of:

审计委员会在截至2015年12月31日的财政年度中发挥其职能，包括审核以下内容：

- the unaudited quarterly financial results of the Group and announcements prior submission to the Board for approval and release the results to SGX.
审核在提交给董事会审核和新交所之前的集团每季度未审计的财务报告和公告；
- the internal and external audit plans in terms of their scope of audit prior to their commencement of their annual audit.
在内审和外审开始工作之前，审核他们的审计工作范围；
- the external auditors' report in relation to audit and accounting issues arising from the audit matters from audit of the Group in meeting with the external auditors without presence of the Executive Board members and Management.
审核外部审计师的有关审计和财务的报告，并在执行董事和管理层不在场的情况下单独与审计师面谈；
- the adequacy and effectiveness of the Group's internal audit function.
审核集团内部审计职能的充分性和有效性；
- the audited financial statements of the Group and of the Company prior to submission to the Board of Directors for consideration and approval.
在提交给董事会讨论和审议之前，审核集团和公司的财务报告；

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- the external audit and internal audit fees for FY2015 and recommended to the Board for approval.
审核在截至2015年12月31日的财政年度外审和内审的费用，并提交董事会审议；
- the independence and re-appointment of the external auditors and recommended to the Board for approval.
审核外部审计师的独立性以及是否再续聘，并提交董事会审议；
- the interested person transactions falling within scope of Chapter 9 and 10 of Listing Manual and any potential conflicts of interests; and
审核在《上市手册》第9章和第10章定义的关联交易以及任何潜在的利益冲突；以及
- the Whistle-Blowing Policy of the Group and procedures by which employees of the Group could report the possible improprieties to the AC Chairman.
审核集团的揭发政策以及集团员工向审计委员会主席报告可能的不当行为的程序。

The AC has reviewed the independence of the external auditor including the volume of non-audit services supplied by them and is satisfied with their position as an independent external auditor and recommends to the Board, the nomination of the external auditor for re-appointment at the AGM of the Company.

审计委员会已复审了外部审计师的独立性，包括他们所提供的非审计类的服务量，并对他们作为独立外部审计师的立场表示满意。审计委员会向董事会提出建议，在公司年度股东大会时对其进行重新委任。

In appointing the auditing firm for the Company and its subsidiaries, we have complied with Rules 712 and 715 of the Listing Manual of SGX-ST.

在为公司及其子公司委任审计师的程序上，我们符合《上市手册》第712和715条的要求。

The total amount of audit fee paid to the external auditors, Foo Kon Tan LLP for FY2015 is S\$418,000.00. The external auditors did not provide any non-audit services to the Group during the FY2015.

截止2015年12月31日财年，支付给外部审计师Foo Kon Tan LLP的审计费用总计约为418,000新元。在2015财政年度，外部审计师没有提供非审计的服务。

The AC has full access to, and cooperation from Management including the external auditors, and has full discretion to invite Executive Directors and any officer to attend its meetings. The AC also has power to investigate any matter brought to its attention, within its terms of reference, with the power to retain professional advice at the Company's expense.

审计委员会得到管理层以及外部审计师的全力配合，并具有邀请任何执行董事和执行人员来参加会议的决定权。在有关条款范围内，审计委员会有权调查所有其关注的事项，并有权保留专业建议，相关费用将由公司承担。

The AC meets with the external auditors, without the presence of Management at least once a year. The AC has met with the external auditors without the present of Management during FY2015.

审计委员会每年至少在管理层不在场合的情况下，与外部审计师会谈一次。2015财年审计委员会与外部审计师在没有管理层参加的情况下进行了会谈。

The AC takes measures to keep abreast of the changes to accounting standards and issues which have impact on financial statements, with training conducted by professionals or external consultants. No former partner or director of the Company's existing auditing firm is a member of the AC.

审计委员会会接受专业人员和外部顾问的培训，以密切关注任何可能影响财务报告的会计准则的变化。公司目前审计公司的前合伙人或董事，没有人是公司的审计委员会成员。

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Whistle-Blowing Policy

揭发政策

The Group has put in place a Whistleblowing Policy whereby the staff can access the Whistleblowing Co-ordinator, as well as the IA and AC, who act jointly and severally as Whistleblowing Protection Officers, to raise concerns about improprieties or suspected fraud within the Group.

集团已设立揭发程序制度，以便员工可与保护揭发者协调员以及审计委员会及内部审计师就集团内的不妥或可疑事项进行沟通。审计委员会和内部审计师在此制度中个别以及全体将对揭发程序制度的实施提供保障。

Principle 13: Internal Audit

原则13：内部审计

In accordance with the AC's recommendation, the Group has appointed Deloitte Touche Tohmatsu CPA LLP, as our Internal Auditor ("IA") to assist the Management to conduct internal control review in accordance with the audit plan approved by the Company's Management and AC, and to highlight and report to Management and the AC the areas where weaknesses exist and where improvements to the internal controls may be made.

根据审计委员会的推荐，公司委任了德勤华永会计师事务所有限公司为我们的内部审计师，来协助管理层履行根据审计委员会批准的审计计划审核内部控制系统的职责，并向管理层及审计委员会提交报告，指出内控系统存在的薄弱环节及改进的措施以提高内部控制。

The IA reports directly to the AC Chairman on internal audit matters and to Management on administrative matters.

对于内部审计事宜，内部审计师直接向审计委员会主席报告；对于行政事宜，内部审计师将直接向管理层报告。

The AC also meets the IA at least once a year without the presence of Management.

审计委员会每年至少一次在管理层不在场的情况下与内部审计师会面。

To ensure the adequacy of the internal audit function, the AC reviews and approves the internal audit plan on an annual basis. 为了保证内部审计职能的充分性，审计委员会将每年对内审计划进行审批。

The AC is responsible to approve the hiring, removal, evaluation and compensation of the auditing firm. The IA have full access to all the Group's documents, records, properties and personnel, including access to the AC.

审计委员会负责内部审计公司的聘用、解除、评估以及补偿等事宜。内部审计师有权接触集团的所有文件、记录、财产和人员，包括审计委员会成员。

The IA carried out its functions in accordance with the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

内部审计根据内部审计师协会所制定的内部审计专业准则来执行其审计职能。

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SHAREHOLDERS RIGHT AND RESPONSIBILITIES

股东的权利和义务

Principle 14: Shareholder Rights

原则14：股东权利

The Company engages in regular, effective and fair communication with shareholders. On a regular and timely basis, the Company disseminates material information via SGXNET and its official website.

公司定期、有效和公平地与股东进行沟通。公司定期及时地通过新加坡交易所网站以及其官方网站发布重要信息。

The Directors ensure that the shareholders have the opportunity to participate effectively in and vote at general meetings and shareholders will be well informed of the meeting and voting procedures.

董事保证在股东大会上有机会参与并投票，而且有关会议的事宜和投票的程序要清楚地告知股东。

Principle 15: Communication with Shareholders

原则15：与股东沟通

The Group strives for timeliness and transparency in its disclosures to the shareholders and the public. In addition to the regular dissemination of information on major developments through SGXNET, the Company also responds to enquiries from investors, analysts, fund managers and the press. However, the Company does not practice selective disclosure as all price-sensitive information is always released through SGXNET.

集团力争及时透明地向股东和公众进行信息披露。除了定期通过新加坡交易所网站就集团重大进展进行披露之外，公司还回答投资者、分析师、基金经理和媒体的询问。但公司没有作选择性披露，所有价格敏感信息都是通过新加坡交易所网站发布的。

The Company has in place an investor relations ("IR") website which contains investor-related information on the Company, including annual reports and the Company's offer document, for its shareholders. To ensure two-way flow of information, the Company has an IR contact to solicit feedback and understand the view of shareholders.

公司有一个投资者关系的网站，该网站包含了公司的与投资者有关的信息，包括年度报告、公司向股东披露的文件。为确保信息的双向交流，公司有一个投资者关系联系人，来收集反馈意见并了解股东的想法。

The Company currently does not have a fixed dividend policy. Nonetheless, the Management after reviewing the performance of the Company in the relevant financial period will make appropriate recommendation to the Board. Any dividend declaration will be communicated to shareholders via announcement through SGXNET. The Board has not declared or recommended dividend in respect of FY2015, as Management is of the view that the cash can be better used in the repayment its bank borrowings so as to remain competitive and to invest in new business opportunities to grow the Company at this juncture. 公司目前没有固定的股息政策。但是，管理层在考虑了公司在有关财务期内的经营状况之后，会向董事会提出适当的建议。任何派发股息的信息将会在新交所的网站上向股东发布。董事会在2015财年没有宣布和建议派发股息，这是因为管理层认为用现金来偿还银行贷款以保持公司的竞争力并且可以利用这些现金来投资在一些新的业务机会，以使公司发展壮大。

CORPORATE GOVERNANCE REPORT

企业治理报告

Principle 16: Conduct of Shareholder Meetings

原则16：召开股东大会

The Company is in full support of shareholders participation at general meetings. Shareholders are given the opportunity to enquire from Directors and Management on any matters concerning the Company and the Group during general meetings. 公司欢迎股东参加股东大会。股东在大会上可以对公司和集团的任何事宜向董事和管理层提问。

The Company's Constitution allows for absentia voting at general meetings. 公司的章程可以允许在股东大会上进行缺席投票。

There are separate resolutions at general meetings on each substantially separate issue, shareholders are invited to put forth any questions they may have on the motions to be debated and decided upon. Every shareholder of the Company is entitled to attend and vote at the general meetings of the Company and is allowed to appoint not more than two proxies to vote on his/her behalf at the general meetings during his/her absence. 股东大会上的个别重大事项，均由个别提案决议。在决议表决之前，股东都被邀请提出任何问题和看法，经过讨论后，股东再进行投票。公司的每个股东都能够参加股东大会；如不能够亲临，则可以委托不超过两名代理人参加会议并代为投票。

In addition to Board Committees, the external auditors are also invited to attend AGM to assist the Directors to address shareholders' queries about the conduct of audit and the preparation and contents of the auditors' report. 外部审计师也被邀请参加年度股东大会，以协助董事答复股东关于审计活动和审计师报告的准备和内容的质询。

The proceeding of the general meetings will be properly recorded, including all comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management, and to make these minutes available to shareholders upon their request. 股东大会的所有事项，包括所有有关会议议程的意见或问题以及董事会以及管理层的回答等，将被准确记录。如股东要查看会议纪要，公司有责任提供。

To promote greater transparency and effective participation, the Company has conducted the voting of all its resolutions by poll since its 2013 AGM. The detailed voting results, including the total number of votes cast for or against each resolution tabled, were announced immediately at the AGMs and via SGXNET. 为了提高透明度和有效性，公司从2013年度的股东大会开始以计票方式对决议进行表决。详细的计票结果，包括对每项决议的支持或反对的具体票数都会在股东大会上立即宣布以及通过新交所的SGXNET进行公告。

CORPORATE GOVERNANCE REPORT

企业治理报告

INTERESTED PERSON TRANSACTIONS ("IPT")

关联方交易(IPT)

The Company's disclosure according to Rule 907 of the Listing Manual of the SGX-ST in respect of IPT for the financial year ended 31 December 2015 is stated as follows:

根据新加坡证交所《上市手册》第907条，截止2015年12月31日财年里公司的关联方交易披露如下：

Name of Interested Person 关联方名称	Aggregate value of all IPTs under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) 所有关联交易总值（不包括少于\$100,000的交易和根据第920条规定股东授权进行的交易）	Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) 所有根据第920条规定股东授权进行的关联交易总值（不包括少于\$100,000的交易）
Yixing Danson Technology Co., Ltd ("Yixing Danson") 宜兴丹森科技有限公司（“宜兴丹森”）	Corporate guarantees in favour of Yixing Danson – 给宜兴丹森提供企业担保 RMB484,000,000 Sale of crude AA to Yixing Danson – 销售粗丙烯酸给宜兴丹森 RMB340,578,000 Purchase of residual crude AA from Yixing Danson – 从宜兴丹森处购买剩余的粗丙烯酸 RMB26,058,000	–

CORPORATE GOVERNANCE REPORT

企业治理报告

Name of Interested Person 关联方名称	Aggregate value of all IPTs under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) 所有关联交易总值（不包括少于\$100,000的交易和根据第920条规定股东授权进行的交易）	Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) 所有根据第920条规定股东授权进行的关联交易总值（不包括少于\$100,000的交易）
Taixing Jinyan Chemical Technology Co., Ltd ("Taixing Jinyan") 泰兴金燕化工科技有限公司（“泰兴金燕”）	Corporate guarantees in favour of Taixing Jinyan – 给嘉兴金燕提供企业担保 RMB650,000,000 Supply of chemical raw materials to Taixing Jinyan – 提供化工原材料给泰兴金燕 RMB293,979,000 Supply of equipment to Taixing Jinyan – 提供设备给泰兴金燕 RMB3,244,000	–
Jiaxing Jinyan Chemical Co., Ltd ("Jiaxing Jinyan") 嘉兴金燕化工科技有限公司（“嘉兴金燕”）	Corporate guarantees in favour of Jiaxing Jinyan – 给嘉兴金燕提供企业担保 RMB70,000,000 Purchase of chemical raw materials from Jiaxing Jinyan – 从嘉兴金燕处购买化工原材料 RMB9,328,000	–
Jiangsu Yinyan Specialty Chemical Co., Ltd ("Jiangsu Yinyan") 江苏银燕化工有限公司（“江苏银燕”）	–	Sales of chemical products to Jiangsu Yinyan – 销售化工产品给江苏银燕 RMB47,953,000
Jiangsu Jurong Petrochemicals Co., Ltd ("Jiangsu Jurong") 江苏裕廊石油化工有限公司（“江苏裕廊”）	–	Sales of chemical products to Jiangsu Jurong – 销售化工产品给江苏裕廊 RMB10,278,000

CORPORATE GOVERNANCE REPORT

企业治理报告

Note 注:

The Company has submitted to SGX a circular seeking shareholders' ratification for past interested person transactions, and a shareholders' mandate for any on-going interested person transactions.

公司已向证交所提交《股东通告书》寻求股东对以往的关联交易的认可，并且争取获得股东对今后关联交易的授权。

As at 31 December 2015, the aggregate amount of the corporate guarantees that the Group provided to Yixing Danson, Taixing Jinyan, Jiaying Jinyan and Jiangsu Yinyan was approximately RMB1,204,000,000, whilst the aggregate amount of corporate guarantees that these same entities provided to the Group was approximately RMB1,120,000,000.

截至2015年12月31日，集团对宜兴丹森、泰兴金燕、嘉兴银燕和江苏裕廊提供的企业担保累计总额约为12.04亿元人民币，同时，这些企业给集团的担保累计总额约为11.2亿元人民币。

All the corporate guarantee figures disclosed in the table above are as at 31 December 2015.

以上表格披露的企业担保的所有数据都是截至2015年12月31日的。

DEALINGS IN SECURITIES

证券交易

In line with Chapter 12, Rule 1207(19) of the Listing Manual, the Company has in place a policy on dealings in securities. The Directors and employees are prohibited from securities dealings whilst they are in possession of price-sensitive information. The Company issues regular circulars to its Directors, principal officers and relevant officers who have access to unpublished material price-sensitive information to remind them of the prohibition and to remind them of the requirement to report their dealing in shares of the Company.

根据《上市手册》12章第1207 (19)条，公司已设立证券交易的程序规定。当董事和雇员拥有价格敏感信息时禁止从事证券交易。公司定期向拥有未公开的价格敏感信息的董事、主要管理人员及相关职员发出通知，提醒他们禁止从事公司股票交易和汇报他们所从事的公司股票交易。

The Directors and employees are also prohibited from dealing in the securities of the Company during the period commencing two weeks prior to the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's financial statements for the full financial year.

在财年前三个季度公司财务报表发布前两个星期，以及在公司全年财务报表发布前一个月到相关财务报表结果发布之日期间，禁止董事和雇员从事公司股票交易。

Directors and employees of the Group are observed not to deal in the Company's shares on short term consideration and when he or she is in possession of unpublished price-sensitive information relating to the Group. They are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading period.

集团董事或职员都须遵守在获得未披露之集团敏感信息时不短线交易公司股票。同时，也须在任何时候即使是可交易期间，遵守内线交易法律。

MATERIAL CONTRACT

重要合同

Save as disclosed, there are no other material contract entered by the Group or its subsidiaries involving the interest of the Chief Executive Officer, any Director or controlling shareholder subsisting in FY2015.

除了已经公告的内容，在截止到2015年12月31日的财年期间，集团及其属下子公司没有签署任何涉及到首席执行官、董事或者控股股东的重要合同。

RISK MANAGEMENT

风险管理

Management will regularly review the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks within the Group's policies and strategies. The Management reviews all significant control policies and procedures and highlight all significant matters to the Directors and the AC. Please refer to Principle 11 on Risk Management Internal Controls.

管理层会定期检查集团业务和运转情况，从而在集团方针和战略范围内确定重大业务风险事项和能够控制和减轻这些风险的适当措施。管理层检讨所有的控制政策和程序，并且向董事会和审计委员会提出需要留意的事项。请参阅原则11有关风险管理和内部控制的内容。



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DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2015 and the statement of financial position of the Company as at 31 December 2015.

In the opinion of the directors,

- (a) the accompanying financial statements of the Group and Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards;
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Names of directors

The directors of the Company in office at the date of this report are:

Sun Xiao
 Yang Guoqiang
 Zhu Wuling
 Siow Chee Keong (Independent director)
 Raymond Ong Sie Hou (Independent director)
 Yap Chee Wee (Independent director)

Directors' interests in shares or debentures

According to the register of directors' shareholdings kept by the Company under Section 164 of the Companies Act, Cap. 50, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

Name of director	Holdings registered in the name of director		Holdings in which director is deemed to have an interest	
	As at 31.12.2015		As at 31.12.2015	
	As at 1.1.2015	and 21.1.2016 [#]	As at 1.1.2015	and 21.1.2016 [#]
Number of ordinary shares				
SunVic Chemical Holdings Limited				
Yang Guoqiang	190,000	190,000	–	–
Zhu Wuling	356,000	356,000	–	–
Raymond Ong Sie Hou	400,000	400,000	–	–

[#] There was no change in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2016.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Share options scheme

No options to take up unissued shares of the Company or any subsidiaries have been granted during the financial year.

No shares were issued during the financial year to which this report relates by virtue of the exercise of options to take up unissued shares of the Company or any subsidiaries.

There were no unissued shares of the Company or any subsidiaries under option at the end of the financial year.

Audit Committee

The audit committee ("AC") at the end of the financial year comprises the following members:

Siow Chee Keong (Chairman)
Raymond Ong Sie Hou
Yap Chee Wee

All members of the Audit Committee were non-executive directors and all members were independent.

The Audit Committee performs the functions set out in Section 201B (5) of the Companies Act, Cap. 50, the SGX Listing Manual and the Code of Corporate Governance. In performing those functions, the committee reviewed the following:

- (i) overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls;
- (ii) the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- (iii) the quarterly financial information and the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2015 as well as the auditor's report thereon;
- (iv) effectiveness of the Company's material internal controls, including financial, operational and compliance controls and information technology controls and risk management systems via reviews carried out by the internal auditors;
- (v) met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;
- (vi) reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- (vii) reviewed the cost effectiveness and the independence and objectivity of the external auditor;
- (viii) reviewed the nature and extent of non-audit services provided by the external auditor;
- (ix) recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;
- (x) reported actions and minutes of the Audit Committee to the Board of Directors with such recommendations as the Audit Committee considered appropriate; and
- (xi) interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange).

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Audit Committee (Continued)

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditor and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditor and has recommended to The Board of Directors that the auditor, Foo Kon Tan LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

Full details regarding the Audit Committee are provided in the Corporate Governance Report.

In appointing our auditors for the Company and subsidiaries, we have complied with Rules 712 and 715 of the SGX Listing Manual.

Independent auditor

The independent auditor, Foo Kon Tan LLP, Chartered Accountants, has expressed its willingness to accept reappointment.

Other information required by the SGX-ST

Material information

There are no material contract to which the Company or its subsidiaries, is a party which involve directors' interests subsisted or have been entered into during the financial year except as disclosed under "Disclosure of Remuneration" in the "Corporate Governance Report" and in Notes 6(c) and 27(b) to the financial statements.

Interested person transactions

There was no interested person transactions as defined in Chapter 9 of Listing Manual of the Singapore Exchange conducted during the financial year except as disclosed under "Interested Person Transactions" in the "Corporate Governance Report" and in Note 27(a) to the financial statements.

On behalf of the Board of Directors

SUN XIAO

ZHU WULING

Dated: 8 April 2016

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUNVIC CHEMICAL HOLDINGS LIMITED

Report on the financial statements

We have audited the accompanying financial statements of SunVic Chemical Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

Emphasis of Matter

Yixing Danson

On 30 April 2013, the Company announced that (i) the transactions between the Group and Yixing Danson Technology Co., Ltd ("Yixing Danson") were interested person transactions which exceeded 5% in FY2011, 2012, first quarter 2013 ("Past Interested Person Transactions") and (ii) the Company would be seeking approval from shareholders to ratify the Past Interested Person Transactions at an extraordinary general meeting to be convened. During the financial year ended 31 December 2015, the transactions consist of the sale of chemical products of RMB340.6 million (2014: RMB445.5 million) and purchase of inventories of RMB26.1 million (2014: RMB8.5 million). We understand that the Company has appointed the relevant professional advisers to assist in the compliance. The Company has not convened the extraordinary general meeting as at the date of this report as they are in the process of obtaining SGX's approval in respect of the contents in the shareholder's circular to the extraordinary general meeting. We draw your attention to the uncertainty related to the outcome of this convening of extraordinary general meeting or the non-compliance of the SGX listing rules. Our opinion is not qualified in this respect of this matter.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUNVIC CHEMICAL HOLDINGS LIMITED

Taixing Jinyan

The transactions between the Group and Taixing Jinyan Chemical Technology Co., Ltd ("Taixing Jinyan") were interested person transactions. Ms. Hu Yanping, the substantial shareholder of the Group, Mr Sun Xiao (the Chief Executive Officer of the Company) and their associates own in aggregate 100% of the equity interest in Jiaying Jinyan Chemical Co. Ltd. ("Jiaying Jinyan"), while Taixing Jinyan is a 86% owned subsidiary company of Jiaying Jinyan. The transactions consist of the purchase of assets on behalf of RMB3.2 million (2014: RMB34.9 million), the sale of chemical products of RMB294.0 million (2014: RMB245.1 million) and purchase of inventories of RMB0.3 million (2014: RMB Nil). We understand that the Company has appointed the relevant professional advisers to assist in the compliance. The Company has not convened the extraordinary general meeting as at the date of this report as they are in the process of obtaining SGX's approval in respect of the contents in the shareholder's circular to the extraordinary general meeting. We draw your attention to the uncertainty related to the outcome of this convening of extraordinary general meeting or the non-compliance of the SGX listing rules. Our opinion is not qualified in this respect of this matter.

Corporate guarantee

As disclose in Note 29, the Group has provided guarantees to certain financial institutions for loan facilities totalling RMB1,204 million (2014: RMB1,264 million) to related parties. The Company would be seeking approval from shareholders to ratify the Past Interested Person Transactions at an extraordinary general meeting to be convened. We understand that the Company has appointed the relevant professional advisers to assist in the compliance. The Company has not convened the extraordinary general meeting as at the date of this report as they are in the process of obtaining SGX's approval in respect of the contents in the shareholder's circular to the extraordinary general meeting. We draw your attention to the uncertainty related to the outcome of this convening of extraordinary general meeting or the non-compliance of the SGX listing rules. Our opinion is not qualified in this respect of this matter.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Foo Kon Tan LLP

*Public Accountants and
Chartered Accountants*

Tei Tong Huat

Partner in charge of the audit

Singapore, 8 April 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

		Year ended 31 December 2015 RMB'000	Year ended 31 December 2014 RMB'000
	Note		
Revenue	4	2,167,234	4,964,624
Cost of sales		(2,382,279)	(4,765,079)
Gross (loss)/profit		(215,045)	199,545
Other income	6(a)	717,617	1,060,693
Distribution expenses		(75,207)	(127,603)
Administrative expenses		(265,426)	(180,363)
Other operating expenses	6(b)	(818,667)	(802,791)
Finance costs	5	(107,746)	(163,372)
Loss before taxation	6(c)	(764,474)	(13,891)
Taxation	7	(29,140)	(210,342)
Loss for the year		(793,614)	(224,233)
Other comprehensive income after tax: (Item that may be reclassified subsequently to profit or loss)			
Foreign currency translation		1,819	88
Total comprehensive loss for the year		(791,795)	(224,145)
Loss attributable to:			
Owners of the Company		(779,494)	(129,844)
Non-controlling interests		(14,120)	(94,389)
Loss for the year		(793,614)	(224,233)
Total comprehensive loss attributable to:			
Owners of the Company		(777,675)	(129,756)
Non-controlling interests		(14,120)	(94,389)
Total comprehensive loss for the year		(791,795)	(224,145)
		RMB Cents	RMB Cents
Loss per share:			
Basic and diluted	8	(146.2)	(24.3)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

		Group		Company	
	Note	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	9	1,483,808	1,658,244	–	–
Intangible assets	10	10,346	11,373	–	–
Land use rights	11	50,148	51,800	–	–
Investment in subsidiaries	12(a)	–	–	342,623	342,623
Investment in joint operation	12(b)	–	–	–	–
Deposits paid for property, plant and equipment	13	5,522	56,754	–	–
Deferred tax assets	14	24,430	24,430	–	–
		1,574,254	1,802,601	342,623	342,623
Current assets					
Inventories	15	133,286	195,331	–	–
Trade and other receivables	16	1,664,756	1,245,680	38,652	32,664
Derivative assets	17	–	944	–	–
Prepayments	18	–	408,455	–	–
Cash and cash equivalents	19	357,487	820,563	1,314	230
		2,155,529	2,670,973	39,966	32,894
Non-current assets held for sale	20	11,731	705,061	–	–
Total assets		3,741,514	5,178,635	382,589	375,517
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	21	291,516	291,516	291,516	291,516
Treasury shares	21	(1,575)	–	(1,575)	–
Retained earnings		766,252	1,504,405	68,149	45,989
Other reserves	22	289,122	328,644	–	–
		1,345,315	2,124,565	358,090	337,505
Non-controlling interests		(53,802)	(39,682)	–	–
Total equity		1,291,513	2,084,883	358,090	337,505
Non-current liabilities					
Borrowings	23	140,000	287,099	–	–
Deferred tax liabilities	14	7,500	7,500	–	–
		147,500	294,599	–	–
Current liabilities					
Borrowings	23	1,271,968	1,221,136	–	–
Trade and other payables	24	1,024,500	1,558,304	24,499	38,012
Income tax payable		6,033	19,713	–	–
		2,302,501	2,799,153	24,499	38,012
Total liabilities		2,450,001	3,093,752	24,499	38,012
Total equity and liabilities		3,741,514	5,178,635	382,589	375,517

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Attributable to owners of the Company									
	Share capital	Treasury shares	Capital reserve	Foreign currency translation reserve	Merger reserve	Special safety reserve	Other reserves total	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests
	(Note 21) RMB'000	(Note 21) RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	(Note 22) RMB'000	RMB'000	RMB'000	RMB'000
The Group										
2015										
At 1 January 2015	291,516	-	304,989	(17,798)	(499)	41,952	328,644	1,504,405	2,124,565	(39,682)
Loss for the year	-	-	-	-	-	-	-	(779,494)	(779,494)	(14,120)
Other comprehensive income	-	-	-	1,819	-	-	1,819	-	1,819	-
Total comprehensive income/(loss) for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,819</u>	<u>-</u>	<u>-</u>	<u>1,819</u>	<u>(779,494)</u>	<u>(777,675)</u>	<u>(14,120)</u>
Purchase of treasury shares	-	(1,575)	-	-	-	-	-	-	(1,575)	-
Transfer (from)/to capital and special safety reserve	-	-	(49,703)	-	-	8,362	(41,341)	41,341	-	-
Total transaction with owners of the Company	<u>-</u>	<u>(1,575)</u>	<u>(49,703)</u>	<u>-</u>	<u>-</u>	<u>8,362</u>	<u>(41,341)</u>	<u>41,341</u>	<u>(1,575)</u>	<u>-</u>
At 31 December 2015	<u>291,516</u>	<u>(1,575)</u>	<u>255,286</u>	<u>(15,979)</u>	<u>(499)</u>	<u>50,314</u>	<u>289,122</u>	<u>766,252</u>	<u>1,345,315</u>	<u>(53,802)</u>
2014										
At 1 January 2014	291,516	-	254,286	(17,886)	(499)	28,536	264,437	1,698,368	2,254,321	54,707
Loss for the year	-	-	-	-	-	-	-	(129,844)	(129,844)	(94,389)
Other comprehensive income	-	-	-	88	-	-	88	-	88	-
Total comprehensive income/(loss) for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>88</u>	<u>-</u>	<u>-</u>	<u>88</u>	<u>(129,844)</u>	<u>(129,756)</u>	<u>(94,389)</u>
Transfer to capital and special safety reserve	-	-	50,703	-	-	13,416	64,119	(64,119)	-	-
Total transaction with owners of the Company	<u>-</u>	<u>-</u>	<u>50,703</u>	<u>-</u>	<u>-</u>	<u>13,416</u>	<u>64,119</u>	<u>(64,119)</u>	<u>-</u>	<u>-</u>
At 31 December 2014	<u>291,516</u>	<u>-</u>	<u>304,989</u>	<u>(17,798)</u>	<u>(499)</u>	<u>41,952</u>	<u>328,644</u>	<u>1,504,405</u>	<u>2,124,565</u>	<u>(39,682)</u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 RMB'000	2014 RMB'000
Cash Flows from Operating Activities			
Loss before taxation		(764,474)	(13,891)
Adjustments for:			
Interest expense		107,746	163,372
Interest income		(57,172)	(12,107)
Depreciation of property, plant and equipment	9	269,892	282,869
Impairment loss of property, plant and equipment	9	384,000	573,000
Amortisation of intangible assets	10	1,030	1,033
Amortisation of land use rights	11	1,671	1,182
Property, plant and equipment written off		-	20,140
Gain/(loss) on partial disposal of subsidiary	25	-	(843,283)
Gain on disposal of assets held for sale		(121,509)	-
Changes in fair value of derivative financial instruments		-	(1,558)
Impairment loss of prepayment		49,000	-
Inventories written-down		11,495	30,048
Unrealised currency translation difference		(1,819)	(88)
Reversal of write-down of inventories		(35,575)	(3,154)
Operating loss before working capital changes		(155,715)	197,563
Increase in inventories		86,125	99,782
Decrease in trade and other receivables		722,921	690,217
(Decrease)/Increase in trade and other payables		(630,200)	218,502
Cash generated from operations		23,131	1,206,064
Income tax paid		(42,821)	(238,816)
Net cash flows (used in)/generated from operating activities		(19,690)	967,248
Cash Flows from Investing Activities			
Interest received		57,172	12,107
Purchase of property, plant and equipment (Note A)		(530,890)	(865,452)
Purchase of intangible assets	10	(3)	(9,855)
Purchase of land use rights		(19)	-
Proceeds from disposal of catalyst		51,249	-
Proceeds from disposal of property, plant and equipment		175,905	136
Proceeds from partial disposal of subsidiary	25	-	1,479,137
Net cash flows (used in)/generated from investing activities		(246,586)	616,073
Cash Flows from Financing Activities			
Proceeds from borrowings		2,753,783	4,816,828
Repayments of borrowings		(2,850,050)	(6,199,037)
Interest paid		(107,746)	(163,372)
Decrease in pledged deposits		149,749	107,418
Purchase of treasury shares		(1,575)	-
Net cash flows used in financing activities		(55,839)	(1,438,163)
Net (decrease)/increase in cash and cash equivalents		(322,115)	145,158
Cash and cash equivalents at beginning		486,881	341,246
Effects of exchange rate changes		8,787	477
Cash and cash equivalents at end	19	173,553	486,881

Note:

A. Property, plant and equipment

During the year, the Group paid cash of RMB530,890,000 (2014: RMB865,452,000) for the addition to property, plant and equipment amounting to RMB655,361,000 (2014: RMB889,877,000). The difference was mainly due to accrual and/or advance payment made for property, plant and equipment.

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

1 General information

The financial statements of the Company and of the Group for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on the date of the Statement by Directors.

The Company is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") and is incorporated as a limited liability company and domiciled in Singapore. The holding company is Whitefield Capital Inc. ("Whitefield Capital") which is incorporated in the British Virgin Islands.

The registered office is located at 112 Robinson Road #12-04, Robinson 112, Singapore 068902.

2 Summary of significant accounting policies

(a) Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations promulgated by the Accounting Standards Council ("ASC"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Chinese Renminbi which is the Company's functional currency. All the financial information is presented in thousands of Chinese Renminbi ("RMB'000"), unless otherwise stated.

(b) Interpretations and amendments to published standards effective in 2015

On 1 January 2015, the Group adopted FRSs that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRSs. This includes the following FRSs which are relevant to the Group:

Reference	Description
Improvements to FRSs (January 2014):	
– FRS 108 Operating Segments	Operating Segments
– FRS 24 Related Party Disclosures	Key Management Personnel

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years except for the following:

Improvements to FRSs (January 2014) FRS 108 Operating Segments

Improvements to FRSs (January 2014) FRS 108 Operating Segments clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segments assets are reported regularly. In addition, the entity is required to disclose the judgments made by management in applying the aggregation criteria to operating segments. The improvements to FRSs (January 2014) FRS 108 Operating Segments are effective from annual periods beginning on or after 1 July 2014. As this is a disclosure standard, it will not have any impact on the financial performance or the financial position of the Group when implemented.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 Summary of significant accounting policies (Continued)

(b) *Interpretations and amendments to published standards effective in 2015* (Continued)

Improvements to FRSs (January 2014) FRS 24 Related Party Disclosures

Improvements to FRSs (January 2014) FRS 24 Related Party Disclosures clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The improvements to FRSs (January 2014) FRS 24 Related Party Disclosures are effective from annual periods beginning on or after 1 July 2014. As this is a disclosure standard, it will not have any impact on the financial performance or the financial position of the Group and Company when implemented.

The adoption of the above amended standards did not have any material impact on the basis and fully diluted earnings per share of the Group.

(c) *FRS issued but not yet effective*

The following are the new or amended FRSs issued which are relevant to the Group but are not yet effective and may be early adopted for the current financial year:

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to FRS 1	Disclosures Initiative	1 January 2016
Amendments to FRS 111	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
FRS 105	Non-Current Assets and Discontinued Operations	1 January 2016
FRS 107	Financial Instruments – Disclosures	1 January 2016
Amendments to FRS 7	Statement of Cash Flows	1 January 2017
FRS 115	Revenue from Contracts with Customers	1 January 2018
FRS 109	Financial Instruments	1 January 2018

The directors do not anticipate that the adoption of the above FRSs in future periods will have a material impact on the financial statements of the Group and the Company in the period of their initial adoption, except for the following:

Amendments to FRS 1 Presentation of Financial Statements

The amendments to FRS 1 Presentation of Financial Statements clarify that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures. FRS 1 is effective for annual periods beginning on or after 1 January 2016. The Group is in the progress to determine the materiality to apply to the whole of financial statement and where and in what order information is presented in the financial disclosures. As this is a disclosure standard, it will not have any impact on the financial performance or the financial position of the Group and Company when implemented.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 Summary of significant accounting policies (Continued)

(c) *FRS issued but not yet effective* (Continued)

Amendments to FRS 111 Accounting for Acquisitions of Interests in Joint Operations

The amendments to FRS 111 Accounting for Acquisitions of Interests in Joint Operations state that:

- Where a joint operator acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, it must apply all of the principles on business combinations accounting as set out in FRS 103 Business Combinations, and other standards.
- In addition, the joint operator must disclose the information required by FRS 103 and other FRSs for business combinations.

These amendments are mandatory for annual periods beginning on or after 1 January 2016. The directors are in the midst of assessing the impact to the financial position and financial performance of the Group or Company when applied in.

FRS 105 Non-Current Assets and Discontinued Operations

Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in FRS 105. The amendment must be applied prospectively.

FRS 105 is effective for annual periods beginning on or after 1 January 2016. The Group is currently assessing the impact to the financial statements.

FRS 107 Financial Instruments: Disclosures

FRS 107 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognised in its entirety. A servicer is deemed to have continuing involvement if it has an interest in the future performance of the transferred asset – e.g. if the servicing fee is dependent on the amount or timing of the cash flows collected from the transferred financial asset. However, the collection and remittance of cash flows from the transferred financial asset to the transferee is not, in itself, sufficient to be considered 'continuing involvement'. The amendment is applied retrospectively, except that it need not be applied to any period presented that begins before the annual period for which the entity first applies this amendment.

FRS 107 is effective for annual periods beginning on or after 1 January 2016. The Group is currently assessing the impact to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 Summary of significant accounting policies (Continued)

(c) *FRS issued but not yet effective* (Continued)

FRS 115 Revenue from Contracts with Customers

FRS 115 Revenue from Contracts with Customers establish a framework for determining when and how to recognise revenue. The objective of the standard is to establish the principles that an entity shall apply to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard replaces FRS 11 Construction Contracts, FRS 18 Revenue, INT FRS 113 Customer Loyalty Programmes, INT FRS 115 Agreements for Construction of Real Estate, INT FRS 118 Transfer of Assets from Customers and INT FRS 31 Revenue – Barter Transactions involving Advertising Services. The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall into the scope of other standards.

FRS 115 is effective for annual periods beginning on or after 1 January 2018. The Group is currently assessing the impact to the financial statements.

FRS 109 Financial Instruments

FRS 109 Financial Instruments replaces the FRS 39 and it is a package of improvements introduced by FRS 109 which include a logical model for:

- Classification and measurement;
- A single, forward-looking “expected loss” impairment model; and
- A substantially reformed approach to hedge accounting.

FRS 109 is effective for annual periods beginning on or after 1 January 2018. The Group is currently assessing the impact to the financial statements.

(d) *Significant accounting policies*

Consolidation

The financial statements of the Group include the financial statements of the Company and its subsidiaries made up to the end of the financial year. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances. Information on its subsidiaries is given in Note 12(a).

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 Summary of significant accounting policies (Continued)

(d) *Significant accounting policies* (Continued)

Consolidation (Continued)

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

Acquisition of businesses

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business combination comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 Summary of significant accounting policies (Continued)

(d) *Significant accounting policies* (Continued)

Consolidation (Continued)

Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Subsidiaries" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

Transactions with non-controlling interests

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Group. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in a separate reserve within equity attributable to the equity holders of the Company.

Joint operations

The Group's joint operations are joint arrangements whereby the parties (the joint operators) that have joint control of the arrangement have rights to the assets, and obligations to the liabilities, relating to the arrangement.

The Group recognises, in relation to its interest in the joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 Summary of significant accounting policies (Continued)

(d) *Significant accounting policies* (Continued)

Consolidation (Continued)

Joint operations (Continued)

When the Group sells or contributes assets to a joint operation, the Group recognises gains or losses on the sale or contribution of assets that is attributable to the interest of the other joint operators. The Group recognises the full amount of any loss when the sale or contribution of assets provides evidence of a reduction in the net realisable value, or an impairment loss, of those assets.

When the Group purchases assets from a joint venture, it does not recognise its share of the profits of the joint ventures arising from the Group's purchase of assets until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

The accounting policies of the assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

The Company applies the same accounting policy on joint operations in its separate financial statements.

Subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. No depreciation is provided on freehold land and construction-in-progress. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amount over their estimated useful lives as follows:

Leasehold buildings	–	20 years
Plant and machinery	–	3 to 10 years
Furniture and fittings	–	3 to 10 years
Motor vehicles	–	5 years

Construction-in-progress is not depreciated until such time as the relevant assets are completed and put into operational use.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 Summary of significant accounting policies (Continued)

(d) *Significant accounting policies* (Continued)

Property, plant and equipment (Continued)

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates.

Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 Summary of significant accounting policies (Continued)

(d) *Significant accounting policies* (Continued)

Intangible assets (Continued)

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

The estimated useful lives for the current and comparative years are as follows:

Technology know-how	–	10 years
Computer software	–	5 years

Intangible assets are written off where, in the opinion of the directors, no future economic benefits are expected to arise.

Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation. The land use rights are amortised on a straight-line basis over the lease term of 50 years.

Impairment of non-financial assets

The carrying amounts of the Company's and the Group's non-financial assets subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 Summary of significant accounting policies (Continued)

(d) *Significant accounting policies* (Continued)

Impairment of non-financial assets (Continued)

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss, a reversal of that impairment loss is recognised as income in the profit or loss.

Financial assets

Financial assets, other than hedging instruments, can be divided into the following categories: Financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the assets were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

All financial assets are recognised on their trade date – the date on which the Company and the Group commit to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

An assessment for impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 Summary of significant accounting policies (Continued)

(d) *Significant accounting policies* (Continued)

Financial assets (Continued)

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company and the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

As at 31 December 2015, the Company and the Group has loans and receivables and financial assets at fair value through profit or loss. The Company and the Group do not designate any held-to-maturity investments and available-for-sale financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Loans and receivables include trade and other receivables, pledged deposits and cash and bank balances. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. If there is objective evidence that the asset has been impaired, the financial asset is measured at the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. The impairment or writeback is recognised in profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or are designated by the entity to be carried at fair value through profit or loss upon initial recognition. In addition, derivative financial instruments that do not qualify for hedge accounting are classified as held for trading. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the end of the reporting period.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 Summary of significant accounting policies (Continued)

(d) *Significant accounting policies* (Continued)

Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the end of reporting period. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair value of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at each reporting date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

When the fair value of unquoted investments cannot be measure reliably, fair value is determined by the transaction price.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and demand deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials and supplies: purchase costs on a weighted average basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average basis.

Provision is made for obsolete, slow-moving and defective inventories in arriving at the net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 Summary of significant accounting policies (Continued)

(d) *Significant accounting policies* (Continued)

Non-current assets held-for-sale

Non-current assets are classified as assets held-for-sale and carried at lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less cost to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

If the criteria to classify as held-for-sale are no longer met, the assets, or disposal group, are remeasured at the lower of the carrying amount before the classification as held-for-sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the assets or disposal group not been classified as held-for-sale, and the recoverable amount at the date of the subsequent decision not to sell.

Financial liabilities

The Group's financial liabilities include borrowings and trade and other payables.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges are recognised as an expense in "finance cost" in the profit or loss. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Borrowings are recognised initially at fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the profit or loss over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Borrowings which are due to be settled within 12 months after the end of reporting period are included in current borrowings in the statement of financial position even though the original terms were for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of reporting period. Borrowings to be settled within the Group's operating cycle are classified as current. Other borrowings due to be settled more than twelve months after the end of reporting period are included in non-current borrowings in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 Summary of significant accounting policies (Continued)

(d) *Significant accounting policies* (Continued)

Trade and other payables

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

The Group has issued corporate guarantees to banks for bank borrowings of its related parties and third parties. These guarantees are financial guarantee contracts as they require the Group to reimburse the banks if the related parties and third parties fail to make principal or interest payments when due in accordance with the terms of its borrowings.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Employee benefits

Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations.

The subsidiaries in the People's Republic of China (the "PRC") are required to provide certain staff pension benefits to their employees under existing PRC regulations. Pension contributions are provided at rates stipulated by PRC regulations and are contributed to a pension fund managed by government agencies, which are responsible for administering these amounts for the subsidiaries employees.

Pension contributions are recognised as an expense in the period in which the related service is performed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 Summary of significant accounting policies (Continued)

(d) *Significant accounting policies* (Continued)

Employee benefits (Continued)

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Leases

Where the Group is the lessee,

Operating leases

Rentals on operating leases are charged to profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in the profit or loss when incurred.

Where the Group is the lessor,

Operating leases

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Rental income is recognised on a straight-line basis over the lease term. Contingent rents are recognised as revenue in the period in which they are earned.

Revenue

Revenue comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue excludes goods and services taxes and is arrived at after deduction of trade discounts, and after eliminating sales within the Group. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

The Group recognises revenue when the specific criteria for each of the Group's activities are met as follows:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 Summary of significant accounting policies (Continued)

(d) *Significant accounting policies* (Continued)

Revenue (Continued)

Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

Interest income

Interest income is recognised on a time-apportioned basis using the effective interest method.

Dividend income

Dividend income from investments is recognised gross when the rights to receive the dividend has been established.

Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and joint operation, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 Summary of significant accounting policies (Continued)

(d) *Significant accounting policies* (Continued)

Income taxes (Continued)

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the date of the financial position; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the date of the financial position, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in the profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Operating segments

For management purposes, operating segments are organised based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 26, including the factors used to identify the reportable segments and the measurement basis of segment information.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against share capital account.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 Summary of significant accounting policies (Continued)

(d) *Significant accounting policies* (Continued)

Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

Related parties

A related party is defined as follows:

- a) A person or a close member of that person's family is related to the Group and Company if that person:
 - i) has control or joint control over the Company;
 - ii) has significant influence over the Company; or
 - iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 Summary of significant accounting policies (Continued)

(d) *Significant accounting policies* (Continued)

Related parties (Continued)

- b) An entity is related to the Group and the Company if any of the following conditions applies:
- i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - iii) both entities are joint ventures of the same third party;
 - iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - vi) the entity is controlled or jointly controlled by a person identified in (a);
 - vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - viii) the entity, nor any member of a group which is past, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties may be individuals or corporate entities.

Functional currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Group and the Company are presented in Chinese Renminbi, which is also the functional currency of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 Summary of significant accounting policies (Continued)

(d) *Significant accounting policies* (Continued)

Conversion of foreign currencies

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any borrowings forming part of the net investment of the foreign operation are repaid, a proportionate share of the accumulated translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance cost". Foreign currency gains and losses are reported on a net basis as either other income or other operating expense depending on whether foreign currency movements are in a net gain or net loss position.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Group entities

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing exchange rates at the end of reporting period of that statement of financial position;
- (ii) Income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) shall be translated at exchange rates at the dates of the transactions; and
- (iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency fluctuation reserve.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The critical accounting estimates and assumptions used and area involving a high degree of judgement are described below:

3.1 Significant judgements in applying accounting policies

Income taxes (Note 7 and Note 14)

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Determination of functional currencies

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices of goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

Environmental remediation

The Group has not incurred any expenditure for environmental remediation, is currently not involved in any environmental remediation, and has not accrued any amounts for environmental remediation relating to its operations. Under existing legislation, management believes that there are no probable liabilities that will have a material adverse effect on the financial position or operating results of the Group. However, the PRC government may move further towards more rigorous enforcement of applicable laws, and towards the adoption of more stringent environmental standards. The outcome of environmental liabilities under future environmental legislation cannot be reasonably estimated at present and hence not provided for but which could be material.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 Significant accounting estimates and judgements (Continued)

3.1 Significant judgements in applying accounting policies (Continued)

Joint arrangement (Note 25)

In 2014, the Group partially disposed of 55% of its interest in Taixing Sunke Chemicals Co., Ltd. ("Sunke") to a third party and retained 45% equity interest. Both the equity owners of Sunke have three board representation each in the Board of Directors. No parties have the casting vote in the event of any disagreement on the operation of Sunke.

Although Sunke is legally separated from the parties, the Group has classified it as a joint operation in accordance with the requirements of FRS 111. This is on the basis that contractual arrangements with Sunke is to provide the joint control parties the extent of the Group's obligation as to the annual output of the relevant activities and derive substantially the economic benefits accruing from the joint operations (Note 25).

As at 31 December 2015, there are no changes to the ownership and terms of the joint arrangement.

Investment in subsidiary

As disclosed in Note 12(a), the Group owns 42.4% equity interest in SunVic Asia Pacific Investments Holdings Pte. Ltd. ("SVAP") which is less than half. However, the Group is able to control SVAP and is exposed to, or has rights to, variable returns from its involvement with SVAP and has the ability to affect those returns through its power over SVAP. This is because the Group has exercisable option to subscribe for additional ordinary shares of SVAP, which could potentially increase its equity interests in SVAP by 30.2% to 72.6% and the remaining equity interest of SVAP is held by Whitefield Capital Inc. which is the holding company of the Group. Consequently, SVAP is accounted for as a subsidiary in the Group.

Going concern

The Group incurred gross loss of RMB215.0 million (2014: profit of RMB199.5 million) and reported a loss after taxation of approximately RMB793.6 million (2014 – RMB224.2 million) and total comprehensive loss of approximately RMB791.8 million (2014 – RMB224.2 million) for the financial year ended 31 December 2015. The Group's current liabilities exceeded the current assets by approximately RMB147.0 million (2014 – RMB128.2 million) as at 31 December 2015. In additions, the Group net cash flows used in operating activities for financial year 2015 is RMB19.7 million as compared to net cash generated from operating activities of RMB967.3 million in prior year. This may cast doubt on the Group's ability to operate as a going concern due to the challenging environment and lack of business visibility in the chemical industry.

However, in the opinion of the directors of the Group, the financial statements prepared on a going concern basis is appropriate on the basis that appropriate measures will be taken to reduce the operating costs as well as to continue to increase its revenue. In addition, the Group had a positive net tangible asset position of approximately RMB1,292 million (2014 – RMB2,085 million) and the resultant reporting loss of the Group is due to an impairment charged of RMB433 million recognised during the year. Such event is deemed to be nonrecurring by the Group.

The Company and the Group manage the liquidity risk by ensuring there are sufficient cash to meet all their normal operating commitments in a timely and cost-effective manner which explain for a small net operating loss incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 Significant accounting estimates and judgements (Continued)

3.1 Significant judgements in applying accounting policies (Continued)

Going concern (Continued)

The Group have adequate amount of credit facilities in addition to cash and cash equivalents of RMB357.5 million (2014: RMB820.6 million).

At the end of the reporting period, the undrawn credit facilities available to the Group is RMB1,253 million (2014: RMB1,834 million). Accordingly, the financial statements have been prepared on a going concern basis based on the above factors.

Corporate guarantee (note 29)

The Group acted as a corporate guarantor to provide guarantees to its related parties amounted to RMB1,204,000,000 (2014: RMB1,264,443,000) respectively to secure banking facilities. As at 31 December 2015, the related parties had drawn down an amount of RMB296,390,000 (2014: RMB674,520,000) from these facilities.

At the reporting date, the Group and Company do not consider it probable that a claim will be made against the Company under the intra-group financial guarantee. Based on historical experience, there are no defaults in the repayment of the principal or interest payments when due in accordance with the terms of the borrowings of the related parties.

If the related parties defaulted in their repayment of the principal or interest payments when due by 50%, the Group will be exposure to the additional liabilities due to the enhance credit risk of RMB148.2 million (2014: RMB337.3 million).

3.2 Critical accounting estimates and assumptions used in applying accounting policies

Impairment of loans and receivables (Note 16)

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

Where the actual outcome or expectation in future is different from the original estimate, such differences will impact the carrying value of the receivables as well as impairment or write-back of impairment in the period in which such estimate has been changed.

The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 16 to the financial statements.

If the present value of estimated future cash flows decrease by 10% from management's estimates, the Group's allowance for impairment will increase by \$47,900 (2014 – increase by \$47,900).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 Significant accounting estimates and judgements (Continued)

3.2 Critical accounting estimates and assumptions used in applying accounting policies (Continued)

Impairment of loans and receivables (Note 16) (Continued)

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested.

During the year, the Group performed an impairment assessment on a cracking plant and on the AA and AE plant.

(i) *Cracking plant*

As a result of the assessment, an impairment loss of RMB94 million (2014: RMB573 million) was recognised in profit or loss. The recoverable amount of the cracking plant was based on fair value less costs of disposal, estimated using depreciated replacement cost method.

The key sensitivity of the depreciated replacement cost valuation relates to the estimated obsolescence of the assets over physical, functional and technology aspects. An increase of one percentage point in the estimated obsolescence used would have increased the impairment loss by RMB7.2 million (2014: RMB4.9 million).

Impairment of non-financial assets (Note 9)

(ii) *AA and AE plant*

As a result of the assessment, an impairment loss of RMB290 million (2014: RMB Nil) was recognised in profit or loss. The recoverable amount of the AA and AE plant was based on its value in use. In determining the value-in-use of the AA and AE plant, cash flow projections based on financial budgets approved by management covering a period spanning the useful lives of the assets were used. Cash flows projections are extrapolated using the estimate rates stated below:

Gross margin	9.3%
Growth rate	12%
Discount rate	14.9%

The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the AA and AE plant. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 Significant accounting estimates and judgements (Continued)

3.2 Critical accounting estimates and assumptions used in applying accounting policies (Continued)

Impairment of non-financial assets (Note 9) (Continued)

(ii) AA and AE plant (Continued)

These assumptions have been used for the analysis of AA and AE plant. Management determines the budgeted gross margin based on past performance and its expectation for market development. The weighted average growth rates used are consistent with industry reports. The discount rates used pre-tax and reflect specific risks relating to the business segments. The above-estimates are particularly sensitive in the following areas:

- An increase of one percentage point in the discount rate used would have increased the impairment loss by RMB5,000,000 (2014: RMB Nil).
- A 5% decrease in future grow margin would have increased the impairment loss by RMB216 million (2014: RMB Nil).

The carrying amount as at 31 December 2015 was disclosed in Note 9 to the financial statements.

Depreciation of property, plant and equipment (Note 9)

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of property, plant and equipment to be within 3 to 20 years. The carrying amount of the Company's and the Group's property, plant and equipment as at 31 December 2015 are RMB Nil (2014: RMB Nil) and RMB1,483,808,000 (2014: RMB1,658,244,000) respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. If depreciation on property, plant and equipment increases/decreases by 10% from management's estimates, the Group's profit for the year will decrease/increase by approximately RMB26,989,000 (2014: RMB28,287,000).

Allowance for inventory obsolescence (Note 15)

The Group reviews the ageing analysis of inventories at each reporting date, and makes provision for obsolete and slow moving inventory items identified that are no longer suitable for sale. The net realisable value for such inventories are estimated based primarily on the latest invoice prices and current market conditions. Possible changes in these estimates could result in revisions to the valuation of inventories.

If the net realisable value of the inventory increase/decrease by 10% from management's estimates, the Group's profit will decrease/increase by RMB1,149 (2014 – RMB3,005). The carrying amount of the inventory is disclosed in Note 15 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

4 Principal activities and revenue

The principal activities of the Company are those relating to investment holding. The principal activities of the subsidiaries are as stated in Note 12(a).

Revenue of the Group consists of revenue from sale of goods.

5 Finance costs

	2015 RMB'000	2014 RMB'000
The Group		
Interest paid and payable to banks	<u>107,746</u>	<u>163,372</u>

6(a) Other income

		2015 RMB'000	2014 RMB'000
The Group	Note		
Rental income		1,213	1,281
Interest income		57,172	12,107
Gain on disposal of assets held for sale		121,509	–
Tax incentive on sale of property, plant and equipment		109,000	–
Gain on partial disposal of subsidiary	25	–	843,283
Changes in fair value of derivative financial instrument		–	1,558
Sale of raw material and others spare parts to joint operation		378,296	177,675
Other miscellaneous income		50,427	24,789
Total other income		<u>717,617</u>	<u>1,060,693</u>

6(b) Other operating expenses

		2015 RMB'000	2014 RMB'000
The Group	Note		
Impairment loss of property, plant and equipment	9	384,000	573,000
Impairment loss of prepayment		49,000	–
Cost of raw material sold to joint operation		363,510	167,779
Property, plant and equipment written off		–	20,140
Other miscellaneous expenses		22,157	41,872
		<u>818,667</u>	<u>802,791</u>

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

6(c) Loss before taxation

Loss before taxation is stated after charging/(crediting):

The Group	Note	2015 RMB'000	2014 RMB'000
Audit fees paid to:			
– Auditors of the Company		1,936	2,030
Non-audit fees paid to:			
– Auditors of the Company		–	–
Cost of inventories included in cost of sales		1,531,536	4,749,008
Net foreign exchange loss		46,289	13,583
Staff costs		90,399	115,317
Contributions to defined contribution plans, included in staff costs		13,770	14,145
Depreciation of property, plant and equipment	9	269,892	282,869
Property, plant and equipment written off		–	20,140
Cost of raw material sold to joint operation included in other operating expenses		363,510	167,779
Impairment loss of prepayment		49,000	–
Impairment loss of property, plant and equipment	9	384,000	573,000
Amortisation of intangible assets	10	1,030	1,033
Amortisation of land use rights	11	1,671	1,182
Operating lease expense		1,644	687
Changes in fair value of derivative financial instrument		–	1,558
Directors' fees		1,525	975

7 Taxation

The Group	Note	2015 RMB'000	2014 RMB'000
Current taxation		38,600	241,332
Transfer to deferred income tax assets	14	–	(24,430)
		38,600	216,902
Over-provision in respect of previous years			
– Current taxation		(9,460)	(6,560)
		29,140	210,342

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

7 Taxation (Continued)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the applicable rate of income tax in each national jurisdiction as follows:

	2015 RMB'000	2014 RMB'000
The Group		
Loss before taxation	(764,474)	(13,891)
Income tax using applicable tax rates	(192,832)	(2,848)
Adjustments:		
Non-taxable income ⁽¹⁾	(4,394)	(1,412)
Non-deductible expenses ⁽²⁾	83,618	8,975
Over-provision in respect of previous years	(9,460)	(6,560)
Deferred tax assets not recognised ⁽³⁾	152,400	212,327
Utilisation of deferred tax assets on temporary difference not recognised in previous years	(192)	(140)
Income tax expense recognised in profit or loss	29,140	210,342

(1) This relates to capital gain that not subject to tax.

(2) This is mainly related to expenditures incurred out of the ordinary course of business which are not likely to be agreed by the local tax authorities.

(3) Deferred tax asset has not been recognised as it is not probable that future taxable profits will be available against which the relevant subsidiaries can utilise the benefits (Note 14).

The above reconciliation is prepared by aggregating separate reconciliation for each national jurisdiction.

Jiangsu Jurong Chemical Co., Ltd ("JJC"), Yixing Yinyan Import and Export Co., Ltd ("YYIE"), Taixing Jurong Chemical Co., Ltd ("TXJC"), Jiangsu Jurong Petrochemicals Co., Ltd ("JJP") and Taixing Sunke Chemicals Co., Ltd ("Sunke") are subject to the PRC income taxes rate at 25% (2014: 25%) on their taxable profit.

Sunvic Chemical Holdings Limited, Dynix Pte. Ltd. ("Dynix") and Sunvic Asia Pacific Investments Holdings Pte Ltd ("SVAP") is subject to Singapore income tax rate at 17% (2014: 17%) on its taxable profit.

8 Loss per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue of 533,052,000 (2014: 533,651,000) shares during the financial year.

The Group	2015	2014
Net loss attributable to equity holders of the Company (RMB'000)	(779,494)	(129,844)
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	533,052	533,651
Basic loss per share (RMB cents per share)	(146.2)	(24.3)
Diluted loss per share (RMB cents per share)	(146.2)	(24.3)

For the purpose of calculating diluted loss per share, loss attributable to owners of the parent of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential shares. As there are no dilutive potential ordinary shares that were outstanding during the year, the basic earnings per share is the same as the diluted earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

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9 Property, plant and equipment

The Group	Note						Construction
		Leasehold buildings	Plant and machinery	Furniture and fixtures	Motor vehicles	work-in- progress	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost							
At 1 January 2014		562,744	2,030,506	9,798	26,487	1,095,618	3,725,153
Additions		2,047	164,384	645	1,144	721,657	889,877
Disposals		–	(378)	(156)	(366)	–	(900)
Reclassifications		248,491	1,210,758	4,464	–	(1,463,713)	–
Transfer to assets held for sale		(44,589)	(653,402)	(1,530)	(346)	–	(699,867)
Partial disposal of subsidiary	25	(164,268)	(855,645)	(1,925)	(1,989)	–	(1,023,827)
Written off		–	(69,053)	–	–	–	(69,053)
At 31 December 2014		604,425	1,827,170	11,296	24,930	353,562	2,821,383
Additions		69,544	321,124	2,681	2,556	259,456	655,361
Disposals		–	(109,060)	(354)	(1,019)	(114,137)	(224,570)
Reclassifications		500	248,830	217	–	(249,547)	–
At 31 December 2015		674,469	2,288,064	13,840	26,467	249,334	3,252,174
Accumulated depreciation and impairment losses							
At 1 January 2014		71,583	687,988	5,048	18,290	–	782,909
Depreciation		27,428	250,971	1,572	2,898	–	282,869
Impairment loss recognised		152,469	420,531	–	–	–	573,000
Disposals		–	(340)	(140)	(284)	–	(764)
Transfer to assets held for sale		(3,757)	(1,325)	(772)	(47)	–	(5,901)
Partial disposal of subsidiary	25	(27,667)	(389,777)	(846)	(1,771)	–	(420,061)
Written off		–	(48,913)	–	–	–	(48,913)
At 31 December 2014		220,056	919,135	4,862	19,086	–	1,163,139
Depreciation		46,466	218,862	2,292	2,272	–	269,892
Impairment loss recognised		138,153	242,710	463	2,674	–	384,000
Disposals		–	(47,434)	(337)	(894)	–	(48,665)
At 31 December 2015		404,675	1,333,273	7,280	23,138	–	1,768,366
Net carrying amount							
At 31 December 2015		269,794	954,791	6,560	3,329	249,334	1,483,808
At 31 December 2014		384,369	908,035	6,434	5,844	353,562	1,658,244

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

9 Property, plant and equipment (Continued)

(a) Impairment assessment

The Group's cash-generating units were previously identified according to the operating subsidiaries in the People's Republic of China.

Under the requirements of FRS 36, Impairment of Assets, the losses and negative operating cash flows are indicators of impairment which requires management to perform impairment testing of the non-current assets. As at 31 December 2015, the Group's property, plant and equipment totalled RMB1,484 million out of which RMB282 million relates to a cracking plant and RMB177 million relates to AA and AE plant.

The impairment losses represent the write-down of certain property, plant and equipment to recoverable amount of the following CGU:

	Note	2015 RMB'000	2014 RMB'000
Cracking plant	(i)	94,000	573,000
AA and AE plant	(ii)	290,000	–
		384,000	573,000

(i) Cracking plant

In 2009, the Group commenced construction of a catalyst-assisted cracking plant to produce petroleum related products and propylene. Resulting from certain changes in the PRC tax regulations and the operating environment, the Group decided to shelve the original plan to use the cracking plant to crack heavy fuel oil to produce petroleum-related products and propylene, a main raw material for the production of acrylic acid. Instead, in 2013, the Group modified and converted the cracking plant into a plant for the production of methyl tertiary-butyl ether ("MTBE").

The Group's decision to produce MTBE rendered certain property, plant and equipment components which were original constructed for the production of petroleum-related products and propylene idle, till the Group decides to embark on the production of petroleum-related products and propylene. The costs of these assets amounted to RMB1,003 million as at 31 December 2015.

The Group has originally planned for the commencement of MTBE production to commence in July 2013. However, the commencement date has been postponed due to the weak market environment.

During the year, the Group has engaged an independent professional valuer to assess the recoverable account of the cracking plant and MTBE plant. The recoverable amount of cracking plant and MTBE plant were based on fair value less costs of disposal, estimated using depreciated replacement cost method. The depreciated replacement cost method is defined as the gross current replacement cost reduced by factors providing for age, physical depreciation and technical and functional obsolescence taking into account the assets' total estimated useful life and anticipated residual value (if any). The management has assessed the depreciated replacement cost method to be the most appropriate valuation method given the lack of market data for comparables. The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

9 Property, plant and equipment (Continued)

(a) Impairment assessment (Continued)

(i) Cracking plant (Continued)

The most significant input of the depreciated replacement cost valuation relates to the estimated obsolescence of the assets over physical, functional and technology aspects. The obsolescence factors applied to the affected assets ranged from 45% to 65%.

As a result of the impairment assessment, the carrying amount of the cracking plant was determined to approximate its recoverable amount after accelerated depreciation charge of RMB70 million recognised in financial year 2015 (2014: higher than its recoverable amount by RMB573 million). Accordingly, an impairment loss of RMB Nil (2014: RMB573 million) was recognised. The cracking plant in prior year was written down to its recoverable amount of RMB305 million.

The carrying amount of the MTBE plant was assessed to be higher than its recoverable amount by RMB94 million (2014: RMB Nil). Accordingly, an impairment loss of RMB94 million (2014: RMB Nil) was recognised in the profit or loss and the MTBE plant was written down to its recoverable amount of RMB137 million. The impairment loss was allocated pro rata to the respective assets group on the basis of the carrying amount of each asset group. The resulting fair values of the property, plant and equipment are considered as level 2 fair value measurement.

(ii) AA and AE plant

The Group carried out a review of the recoverable amount of its AA and AE property, plant and equipment. The recoverable amount is the value-in-use. The review led to the recognition of a total impairment loss of RMB290 million (2014: RMB Nil). The resulting fair values of the property, plant and equipment are considered as level 2 fair value measurement.

(b) Security

As at 31 December 2015, property, plant and equipment of the Group with a carrying amount of RMB198,845,000 (2014: RMB434,803,000) are pledged as security to secure bank loans (Note 23).

(c) Construction work-in-progress as at 31 December 2015 mainly relates to the following:

- Construction work-in-progress mainly relates to the construction of a waste treatment plant. As at 31 December 2015, the capitalised costs amounted to RMB1,671,000 (2014: RMB Nil).
- Construction of a production plant for MTBE and petroleum-related products. As at 31 December 2014, the capitalised costs amounted to RMB Nil (2014: RMB220,072,000).
- Construction of an electricity substation and preliminary preparation work in the Economic Development Zone of Taixing City, the PRC, for future construction of chemical production facility. As at 31 December 2014, the capitalised costs amounted to RMB229,509,000 (2013: RMB110,566,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

9 Property, plant and equipment (Continued)

(d) Capitalisation borrowing costs

Included in construction work-in-progress is capitalised borrowing costs related to construction of the AA and AE production plant in the Economic Development Zone of Taixing City amounting to RMB Nil (2014: RMB9,669,000) with a capitalisation rate of Nil% (2014: 11.66%) per annum. The construction of the AA and AE production plant was completed in year 2014.

There was no borrowing costs capitalised during the year.

10 Intangible assets

The Group	Technology know-how RMB'000	Computer software RMB'000	Total RMB'000
Cost			
At 1 January 2014	3,083	2,364	5,447
Additions	9,474	381	9,855
At 31 December 2014	12,557	2,745	15,302
Additions	–	3	3
At 31 December 2015	12,557	2,748	15,305
Accumulated amortisation			
At 1 January 2014	2,406	490	2,896
Amortisation charge	782	251	1,033
At 31 December 2014	3,188	741	3,929
Amortisation charge	764	266	1,030
At 31 December 2015	3,952	1,007	4,959
Net carrying amount			
At 31 December 2015	8,605	1,741	10,346
At 31 December 2014	9,369	2,004	11,373

Technology know-how relates to production technology and is assessed to have finite useful life of 10 years in view of the changing technology in the chemical industry.

The amortisation of intangible assets amounted to RMB1,030,000 (2014: RMB1,033,000) is included in the 'Administrative expenses' line item in consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

11 Land use rights

The Group	Note	2015 RMB'000	2014 RMB'000
Cost			
At 1 January		54,523	40,463
Additions		19	40,366
Partial disposal of subsidiary	25	–	(26,306)
At 31 December		<u>54,542</u>	<u>54,523</u>
Accumulated amortisation			
At 1 January		2,723	3,522
Amortisation charge		1,671	1,182
Partial disposal of subsidiary	25	–	(1,981)
At 31 December		<u>4,394</u>	<u>2,723</u>
Net carrying amount			
At 31 December		<u>50,148</u>	<u>51,800</u>
Amount to be amortised:			
– Not later than one year		1,150	1,328
– Later than one year but not later than five years		4,602	5,313
– Later than five years		<u>44,396</u>	<u>45,159</u>
		<u>50,148</u>	<u>51,800</u>

The Group has land use rights over 8 plots of state-owned land in the PRC where the Group's PRC manufacturing and storage facilities reside. The land use rights have a remaining average tenure of 38 years (2014: 39 years). The land use rights were pledged as securities to obtain credit facilities (Note 23).

The amortisation of land use rights amounted to RMB1,671,000 (2014: RMB1,182,000) is included in the 'Administrative expenses' line items in consolidated statement of profit or loss and other comprehensive income.

Included in the additions to land use rights of RMB19,000 (2014: RMB40,366,000) is transferred from deposits paid for property, plant and equipment and land use rights amounting to RMB Nil (2014: RMB40,366,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

12(a) Investment in subsidiaries

The Company	2015 RMB'000	2014 RMB'000
Unquoted equity investments, at cost	399,884	398,946
Add: additional investment in a subsidiary	–	938
	399,884	399,884
Less: Accumulated impairment losses		
Balance at beginning	(57,261)	–
Impairment charge	–	(57,261)
Balance at end	(57,261)	(57,261)
	342,623	342,623

In prior year, the Company increased its shareholding in its wholly owned subsidiary Dynix Pte. Ltd. by RMB938,000.

Details of subsidiaries are as follows:

Name of subsidiary	Country of incorporation/and operation	Principal activities	Proportion of ownership interest and voting rights held by the Group	
			2015	2014
			%	%
Held by the Company				
Dynix Pte. Ltd. ("Dynix") ⁽¹⁾	Singapore	Import and export of chemical products	100	100
Jiangsu Jurong Chemical Co., Ltd ("JJC") ⁽²⁾	The PRC	Manufacture and sale of chemical products	100	100
SunVic Asia Pacific Investments Holdings Pte. Ltd. ("SVAP") ⁽¹⁾	Singapore	Investment holding	42.4	42.4
Held through Dynix:				
Jurong Chemical LLC ("JC") ⁽⁴⁾	United States of America ("USA")	Trading business and provision of after-sales services	100	100
Link Way Trading Limited ("LWT") ⁽⁴⁾	British Virgin Islands ("BVI")	Import and export of chemical products	100	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

12(a) Investment in subsidiaries (Continued)

Name of subsidiary	Country of incorporation/and operation	Principal activities	Proportion of ownership interest and voting rights held by the Group	
			2015	2014
			%	%
Held through LWT:				
Link Way Louisiana LLC ("LWT") ⁽⁴⁾	United States of America ("USA")	Trading business and provision of after-sales services	100	100
Held through JJC:				
Yinyan Products Quimicos Ltda ("YPQ") ⁽³⁾	Brazil	Import and export of chemical products	100	100
Yixing Yinyan Import and Export Co., Ltd ("YYIE") ⁽²⁾	The PRC	Import and export of chemical products	100	100
Yinyan Argentina SA ("YAS") ⁽³⁾	Argentina	Import and export of chemical products	100	100
Taixing Jurong Chemical Co., Ltd ("TJC") ⁽²⁾	The PRC	Manufacture and sale of chemical products	100	100
Jiangsu Jurong Petrochemicals Co., Ltd ("JJP") ⁽²⁾	The PRC	Manufacture and sale of chemical products	82.1	82.1
Held through TJC:				
Taixing Sunke Chemicals Co., Ltd ("TSC" or "Sunke") ⁽²⁾	The PRC	Manufacture and sale of chemical products	#	#
Taixing Yujia Chemicals Co., Ltd ("TYC") ⁽²⁾	The PRC	Sale of chemical products	*	100

(1) Audited by Foo Kon Tan LLP, Singapore, Chartered Accountants

(2) Audited by Grant Thornton, Certified Public Accountants, the PRC

(3) Unaudited, dormant

(4) Not required to be audited in the country of incorporation

The Group has 45% equity interest in Sunke (Note 25) which is accounted for as joint operation (Note 12(b))

* The Company is liquidated in 2015

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

12(a) Investment in subsidiaries (Continued)

Investment in SVAP

- (i) Although the Group owns less than half of SVAP, it is able to control SVAP and is exposed to, or has rights to, variable returns from its involvement with SVAP and has the ability to affect those returns through its power over SVAP. This is because the Group has exercisable option to subscribe for additional ordinary shares of SVAP, which could potentially increase its equity interests in SVAP by 30.2% to 72.6% and the remaining equity interest of SVAP is held by Whitefield Capital Inc. which is the holding company of the Group. Consequently, SVAP is accounted for as a subsidiary in the Group.
- (ii) The impairment loss represents the write-down of equity investment in SVAP which in turn holds the equity interest in JJP. In prior year, the Group has assessed the impairment of the underlying assets held by JJP which resulted in an impairment loss of RMB573 million (Note 9) being recognised in prior year profit or loss. The Company determined that the recoverable amount of SVAP was lower than its carrying value by RMB57 million, determined based on fair value less cost of disposal. Accordingly, an impairment loss of RMB57 million had been recognised on the Company's cost of investment in SVAP in prior year. The resulting fair values of the investment in subsidiaries are considered as level 3 fair value measurement.
- (iii) Summarised financial information of subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the group. These are presented before inter-company eliminations. There were no transactions with non-controlling interests for the financial year ended 31 December 2015.

Name of subsidiary	Country of incorporation	Principal activities	Proportion of ownership interests and voting rights held by non-controlling interests	
			2015 %	2014 %
Jiangsu Jurong Petrochemicals Co., Ltd	The PRC	Manufacturing and sale of chemical products	17.9	17.9

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

12(a) Investment in subsidiaries (Continued)

Investment in SVAP (Continued)

(iii) Summarised financial information of subsidiaries with material non-controlling interests (Continued)

	2015 RMB'000	2014 RMB'000
<u>Summarised statement of financial position</u>		
Current		
Assets	126,985	137,429
Liabilities	(806,933)	(806,361)
Total net current liabilities	(679,948)	(668,932)
Non-current		
Assets	325,649	393,458
Net liabilities	(354,299)	(275,474)
	2015 RMB'000	2014 RMB'000
<u>Summarised income statement</u>		
Revenue	22,217	35,872
Expenses	(101,043)	(620,393)
Loss before income tax	(78,826)	(584,521)
Income tax expense	–	–
Loss after tax	(78,826)	(584,521)
Other comprehensive income	–	–
Total comprehensive loss	(78,826)	(584,521)
Total comprehensive loss allocated to non-controlling interests	(14,108)	(104,629)
Dividends paid to non-controlling interests	–	–
<u>Summarised cash flows</u>		
Cash flows used in operating activities	(8,015)	(41,592)
Cash flows generated from/(used in) investing activities	1,269	(8,990)
Cash flows from financing activities	6,965	50,199
Net increase/(decrease) in cash and cash equivalents	219	(383)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

12(b) Investment in joint operation

The Group holds 45% equity interest in the joint operation through its wholly owned subsidiary Taixing Jurong Chemical Co., Ltd. Details of joint operation are as follows:

Name of joint operation	Country of incorporation	Principal activities	Proportion of ownership interest and voting rights held	
			2015	2014
			%	%
Taixing Sunke Chemicals Co., Ltd ("Sunke")	The PRC	Manufacturing and sale of chemical products	45	45

The Group consolidates its 45% share of assets, liabilities, revenues and expenses of its joint operation.

	2015 RMB'000	2014 RMB'000
<u>Summarised statement of financial position</u>		
<u>Assets</u>		
Property, plant and equipment	2,309,589	1,722,276
Land use rights	52,022	53,172
Intangible assets	763	839
Inventories	68,144	154,712
Trade and other receivables	686,968	592,300
Cash and cash equivalents	83,204	146,947
Total assets	3,200,690	2,670,246
<u>Liabilities</u>		
Trade and other payables	(1,365,079)	(863,570)
Income tax payable	(4,137)	(1,391)
Total liabilities	(1,369,216)	(864,961)
Net assets	1,831,474	1,805,285

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

12(b) Investment in joint operation (Continued)

	2015 RMB'000	2014 RMB'000
<u>Summarised income statement</u>		
Revenue	2,268,677	526,591
Expenses	(2,242,488)	(521,307)
Profit for the period	26,189	5,284
Dividend received from joint operations	–	–
<u>Summarised cash flows</u>		
Cash flows generated from operating activities	155,714	(444,226)
Cash flows used in investing activities	(825,615)	(1,776,286)
Cash flows generated from financing activities	606,159	2,365,457
Net decrease in cash and cash equivalents	(63,742)	144,945

13 Deposits paid for property, plant and equipment

	2015 RMB'000	2014 RMB'000
The Group		
Deposits	5,522	56,754

Deposits paid for property, plant and equipment relate to the construction of the waste treatment plant during the year. Deposits paid in prior year relate to the construction of the AA and AE production plant in the Economic Development Zone of Taixing City and production plant for MTBE and petroleum-related products in Yancheng City.

The deposits paid for property, plant and equipment are denominated in Chinese Renminbi.

14 Deferred taxation

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the statement of financial position as follows:

	2015 RMB'000	2014 RMB'000
The Group		
Deferred tax assets		
– To be recovered after one year	24,430	24,430
Deferred tax liabilities		
– To be settled after one year	(7,500)	(7,500)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

14 Deferred taxation (Continued)

The movement in temporary differences during the year is analysed as follows:

The Group	Note	Excess of net book value over tax written down value of qualifying property, plant and equipment	Unappro- priated profits	Total
		RMB'000	RMB'000	RMB'000
At 1 January 2014		–	(7,500)	(7,500)
Recognised in profit or loss	7	24,430	–	24,430
At 31 December 2014		24,430	(7,500)	16,930
Recognised in profit or loss	7	–	–	–
At 31 December 2015		24,430	(7,500)	16,930

Unrecognised deferred tax liabilities

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on the dividends to foreign investors from foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is tax treaty between Mainland China and the jurisdiction of the foreign investor. The Group made provision for deferred tax liabilities on withholding tax at 5% of the retained earnings of all its PRC subsidiaries.

As at 31 December 2015, the aggregate amount of temporary differences relating to undistributed profits of subsidiaries for which deferred tax liabilities have not been recognised is RMB1,099,403,000 (2014: RMB2,027,125,000). Unutilised tax liability totalling approximately RMB54,970,000 (2014: RMB101,356,000) has not been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following temporary differences:

The Group	2015 RMB'000	2014 RMB'000
Deductible temporary difference	1,195,347	584,520
Tax losses	344,242	346,045
	1,539,589	930,565

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

14 Deferred taxation (Continued)

Unrecognised deferred tax assets (Continued)

The Group has unabsorbed tax losses amounting to approximately RMB344,242,000 (2014: RMB346,045,000) that will expire between 2016 to 2020 and which are subject to agreement with the relevant tax authorities. These unabsorbed tax losses can be carried forward for offsetting against future taxable income provided that the provisions of the relevant tax legislations are complied with. There is no expiration date on deductible temporary difference amounting to RMB1,195,347,000 (2014: RMB584,520,000).

Unutilised tax benefits totaling approximately RMB384,479,000 (2014: RMB232,021,000) arising from deductible temporary difference and tax losses had not been recognised as there was no reasonable certainty of their realisation in the future.

15 Inventories

	2015 RMB'000	2014 RMB'000
The Group		
At cost		
Raw materials	62,147	70,523
Packaging materials	3,198	5,845
Finished goods	–	3,617
Goods-in-transit	5,561	514
	70,906	80,499
At net realisable value		
Finished goods	54,565	95,212
Work-in-progress	7,815	19,620
	133,286	195,331
Statement of profit or loss and other comprehensive income:		
Inventories recognised as an expense in cost of sales	1,531,536	4,749,008
Inclusive of the following charge:		
– Inventories written-down	11,495	30,048
– Reversal of write-down of inventories	(35,575)	(3,154)

The reversal of write-down of inventories was made when the related inventories were sold above their carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

16 Trade and other receivables

	Group		Company	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Trade receivables				
– 3rd parties	194,791	287,220	–	473
– joint operation	588,833	136,533	–	–
– related parties	347,128	328,881	–	–
– subsidiaries	–	–	24,065	18,994
Notes receivable	163,159	231,413	–	–
	1,293,911	984,047	24,065	19,467
Allowance for impairment losses	(479)	(479)	–	–
Net trade receivables	1,293,432	983,568	24,065	19,467
Non-trade amounts due from subsidiaries	–	–	13,825	13,013
Other receivables	210,059	72,971	713	172
Loans and receivables	1,503,491	1,056,539	38,603	32,652
Value added tax recoverable	161,265	189,141	49	12
Total	1,664,756	1,245,680	38,652	32,664

Non-trade amounts due from subsidiaries

Non-trade amounts due from subsidiaries represent expenses paid by the Company on behalf of the subsidiaries. The amounts were unsecured, non-interest bearing and repayable on demand.

Loans and receivables

Loans and receivables are non-interest bearing. Trade receivables are generally on 30 to 90 days' terms (2014: 30 to 90 days' terms). They are recognised at their original invoice amounts which represent their fair value on initial recognition.

As at 31 December 2015, trade receivables and notes receivable amounted to RMB135,988,000 (2014: RMB140,876,000) were pledged as securities to obtain credit facilities (Note 23).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

16 Trade and other receivables (Continued)

Loans and receivables (Continued)

The credit risk for loans and receivables based on the information provided to key management is as follows:

- (i) Loans and receivables that are neither past due nor impaired

	Group		Company	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Current				
– Trade receivables	1,154,623	835,068	24,065	1,391
– Other receivables	210,059	72,971	14,538	13,185
	1,364,682	908,039	38,603	14,576

Loans and receivables that are neither past due nor impaired are credit worthy debtors with a good payment record with the Group and the Company.

- (ii) Loans and receivables that are past due but not impaired

The ageing analysis of loans and receivables past due but not impaired is as follows:

	Group		Company	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Less than 30 days	112,823	60,798	–	–
30 to 120 days	24,484	56,746	–	–
More than 120 days	1,502	30,956	–	18,076
	138,809	148,500	–	18,076

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of loans and receivables not past due or past due but not impaired. These receivables are mainly arising by customers that have a good credit record with the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

16 Trade and other receivables (Continued)

Loans and receivables (Continued)

- (iii) Loans and receivables that are past due and/or impaired

The ageing analysis of loans and receivables determined to be impaired is as follows:

	Group		Company	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
More than 120 days	479	479	–	–

The carrying amount of loans and receivables individually determined to be impaired and the movements in the related allowance for impairment are as follows:

	Group		Company	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Gross amount	479	479	–	–
Less: allowance for impairment of trade receivables	(479)	(479)	–	–
	–	–	–	–

There has been no movement in this allowance account for the financial year ended 31 December 2015 and 2014.

Loans and receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

17 Derivative assets

	2015		2014	
	Contract/ Notional Amount RMB'000	Assets RMB'000	Contract/ Notional Amount RMB'000	Assets RMB'000
The Group				
Forward currency contracts	–	–	(102,738)	944
Total financial assets at fair value through profit or loss		–		944

During the year, the US Dollar forward currency contracts which the Group entered into in prior year to hedge against the foreign currency risk arising from purchases of inventories were matured. The fair value of these forward currency contracts recognised as assets amounted to RMB Nil (2014: RMB944,000) as at reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

18 Prepayments

	Group	
	2015 RMB'000	2014 RMB'000
Advances to suppliers	–	408,455

Advances to suppliers in prior year relate to advance payments made to suppliers for the purchase of raw materials and other services in relation to the business operation. All these goods have been received and services being rendered accordingly.

19 Cash and cash equivalents

	Group		Company	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Cash and bank balances	173,553	486,881	1,314	230
Fixed deposits – pledged	183,934	333,682	–	–
	357,487	820,563	1,314	230

For the purpose of presenting the consolidated cash flow statement, the year-end cash and cash equivalents comprise the following:

	2015 RMB'000	2014 RMB'000
The Group		
Cash and cash equivalents	357,487	820,563
Less: fixed deposits – pledged	(183,934)	(333,682)
	173,553	486,881

Pledged deposits represent deposits pledged to banks to secure notes payable (Note 24) and credit facilities (Note 23) granted to the Group. The pledged deposits will be released upon the settlement of relevant bank borrowings and the expiry of relevant bank guarantees.

The fixed deposits mature between one to three months (2014 – one to three months) from the end of the financial year with the weighted average effective interest rates at 3.14% (2014: 3.13%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

20 Non-current assets held for sale

Details of the non-current assets held-for-sale are as follows:

	2015 RMB'000	2014 RMB'000
The Group		
Property, plant and equipment	<u>11,731</u>	<u>705,061</u>

Taixing production line 3

In 2014, as part of the disposal of Taixing Sunke Chemicals Co., Ltd (Note 25), the carrying amount of the assets related to production Line 3 in Taixing Jurong Chemical Co., Ltd amounting to RMB693,966,000 was reclassified as non-current assets held for sales. During the year, the disposal of these assets has been completed and the gain of RMB121,509,000 has been reported.

Land in Louisiana

In prior year, the management had committed to a plan to sell the land in Louisiana with carrying amount of RMB11,731,000 (2014: RMB11,095,000). The Group has appointed a property agent to source for a potential buyer and is currently in discussion with a potential buyer over the sale of the land. The management expected the sale to be completed in 2016.

21 Share capital

	← No. of ordinary shares →		← Amount →	
	Issued share capital '000	Treasury shares '000	Issued share capital RMB'000	Treasury shares RMB'000
Group and Company				
2015				
Beginning of financial year	533,651	–	291,516	–
Treasury shares purchased	–	(1,650)	–	(1,575)
End of financial year	<u>533,651</u>	<u>(1,650)</u>	<u>291,516</u>	<u>(1,575)</u>
2014				
Balance at beginning and end of year	<u>533,651</u>	<u>–</u>	<u>291,516</u>	<u>–</u>

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

The Company acquired 1,650,000 (2014: Nil) of its own shares through purchase on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was RMB1,575,000 (2014: Nil) and has been deducted from the shareholder's equity. The shares are held as 'treasury shares'.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

22 Other reserves

The Group	Note	2015 RMB'000	2014 RMB'000
Merger reserve	(i)	(499)	(499)
Capital reserve	(ii)	255,286	304,989
Foreign currency translation reserve	(iii)	(15,979)	(17,798)
Special safety reserve	(iv)	50,314	41,952
		289,122	328,644
Represented by:			
Distributable		(15,979)	(17,798)
Non-distributable		305,101	346,442
		289,122	328,644

The movements in other reserves are as follows:

- (i) Merger reserve represents the difference between the consideration paid and the share capital of a subsidiary restructured under common control.

The Group	2015 RMB'000	2014 RMB'000
Merger reserve		
Balance at beginning and at end	(499)	(499)

- (ii) Capital reserve comprises accumulated profits transferred by the PRC subsidiaries as required under the local PRC legislation.

The PRC subsidiaries are required to appropriate 10% of its profits after taxation, as determined under the PRC Generally Accepted Accounting Principles (the "PRC GAAP"), to the statutory surplus reserve until the revenue balance reaches 50% of its registered capital. The appropriation to this reserve must be made before the distribution of dividends to investors. Statutory surplus reserve can be used to make good previous years' losses, if any, and may be converted into paid-in capital in proportion to the existing interests of the investors, provided that the balance after such conversion is not less than 25% of the registered capital.

Under the PRC laws, the creation of a discretionary reserve is optional. In accordance with its Articles of Association, YYIE is required to appropriate a percentage of its PRC GAAP profits after taxation as determined by the directors to a discretionary reserve. YYIE has appropriated 5% of such profits after taxation from 2003 onwards.

The Group	2015 RMB'000	2014 RMB'000
Capital reserve		
Balance at beginning	304,989	254,286
Transfer (to)/from current year profit or loss	(49,703)	50,703
Balance at end	255,286	304,989

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

22 Other reserves (Continued)

- (iii) The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of subsidiaries whose functional currencies are different from the Group's presentation currency.

	2015 RMB'000	2014 RMB'000
The Group		
Foreign currency translation reserve		
Balance at beginning	(17,798)	(17,886)
Net currency translation differences of financial statements of foreign subsidiaries	1,819	88
Balance at end	(15,979)	(17,798)

- (iv) Pursuant to certain regulations issued by the State Administration of Work Safety of the PRC and other relevant regulatory bodies, the plants are required to set aside funds at prescribed rates. These funds can be used for maintenance and/or improvements of safe production, and is not available for distribution to shareholders.

	2015 RMB'000	2014 RMB'000
The Group		
Special safety reserve		
Balance at beginning	41,952	28,536
Transfer from current year profit or loss	8,362	13,416
Balance at end	50,314	41,952

23 Borrowings

	2015 RMB'000	2014 RMB'000
The Group		
Current		
Secured bank loans	651,968	460,441
Unsecured bank loans	620,000	760,695
	1,271,968	1,221,136
Non-current		
Secured bank loans	140,000	77,099
Unsecured bank loans	–	210,000
	140,000	287,099
Total borrowings	1,411,968	1,508,235

The amount repayable within one year is included under current liabilities whilst the amount repayable after one year is included under non-current liabilities.

The borrowings of the Group are subjected to fixed interest rate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

23 Borrowings (Continued)

The borrowings are secured by:

- (a) Property, plant and equipment of the subsidiaries (Note 9(b));
- (b) Land use rights (Note 11);
- (c) Loans and receivables (Note 16);
- (d) Pledge deposits (Note 19); and
- (e) Guarantee provided by the related parties, a director and a shareholder.

23.1 Effective interest rates

The weighted average effective interest rates (per annum) of total borrowings at the end of reporting period are as follows:

The Group	Currency	2015 %	2014 %
Secured bank loans	RMB	1.19 – 7.00	4.14 – 6.48
Secured bank loans	USD	3.85 – 6.72	0.76 – 5.11
Unsecured bank loans	RMB	6.72	1.86 – 9.00
Unsecured bank loans	USD	–	1.04 – 4.73

23.2 Carrying amounts and fair values

Fair values of borrowings

The carrying amounts of current borrowings approximate their fair value. The carrying amounts and fair values of non-current borrowings are as follows:

The Group	Carrying amounts RMB'000	Fair values RMB'000
2015		
Secured bank loans	140,000	146,859
2014		
Secured bank loans	77,099	81,220
Unsecured bank loans	210,000	221,871
	287,099	303,091

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

23 Borrowings (Continued)

23.2 Carrying amounts and fair values (Continued)

Fair values of borrowings (Continued)

The fair values above are determined from the discounted cash flow analysis, discounted at market borrowing rates (per annum) of an equivalent instrument at the end of reporting period which the directors expect to be available to the Group as follows:

The Group	2015	2014
Secured bank loans	4.28%	4.71%
Unsecured bank loans	–	6.32%

24 Trade and other payables

	Group		Company	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Trade payables				
– third parties	563,651	788,215	–	–
– related parties	163,892	9,693	2,897	–
Notes payables	134,837	672,011	–	–
	862,380	1,469,919	2,897	–
Accrued operating expenses	49,244	29,059	6,142	6,829
Amounts due to subsidiaries (non-trade)	–	–	14,336	31,126
Other payables	112,876	59,326	1,124	57
	1,024,500	1,558,304	24,499	38,012

Trade and other payables

Trade and other payables are unsecured and non-interest bearing. Trade payables are normally settled on 60-day (2014: 60-day) terms.

Notes payables

The notes payables are secured on the fixed deposits of RMB20,000,000 (2014: RMB102,738,000) of the Group.

Amounts due to subsidiaries

Amounts due to subsidiaries represent the advance received from subsidiaries are unsecured, interest-free, repayable on demand and are to be settled in cash.

Further details of liquidity risks on trade and other payables are disclosed in Note 31(b).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

25 Partial disposal of subsidiary

On 23 January 2014, the Group announced that Taixing Jurong Chemical Co., Ltd ("Taixing Jurong"), an indirect wholly-owned subsidiary of the Company, had entered into a conditional joint venture agreement (the "JV agreement") with Arkema Asie SAS ("Arkema"), an independent third party, which entails, inter alia, the disposal of all the acrylic acid and acrylate esters production facilities currently held by Taixing Jurong (the "Proposed Joint Venture").

The Proposed Joint Venture will be carried out in five stages, involving a transfer of up to 100% of Taixing Jurong's interest in Taixing Sunke Chemicals Co., Ltd ("Sunke" or the "JV Company") to Arkema.

On 20 October 2014, the Group completed Stage 1 and 2 of the transactions that resulted in a disposal of 55% equity interest in Sunke to Arkema. On 15 February 2015, Taixing Jurong and Arkema entered into a revised Joint Venture Agreement to change the board composition so that both parties have three board representation each in the Board of Directors.

In addition to the JV agreement, Taixing Jurong and Arkema have also entered into an agreement with Sunke that they will purchase all the productions outputs from Sunke based on a cost-plus formula. The management has assessed the remaining 45% interest in Sunke to be a joint-operation (Note 3).

The financial impacts of the partial disposal of subsidiary in year 2014 were as followings:

The Group	Note	RMB'000
Property, plant and equipment	9	603,766
Land use rights	11	24,325
Inventories		7,763
Net assets derecognised		635,854
Gain on disposal of a subsidiary	6(a)	843,283
Consideration received, satisfied in cash		1,479,137

26 Segment reporting

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. The Group's Chief Executive Officer ("CEO") reviews internal management reports for each of the strategic business units on at least a quarterly basis. The three reportable segments are:

- Manufacture and sale of Acrylic Acid ("AA") and Acrylate Esters ("AE");
- Manufacture and sale of PMIDA and glyphosate; and
- Manufacture and sale of refined MTBE and petroleum products.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Other operations include the manufacture and sale of other chemical products. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2015 or 2014.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

26 Segment reporting (Continued)

Information about reportable segments is as follows:

	AA and AE		PMIDA and glyphosate		MTBE and Petroleum-related products		Others		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
External revenue	1,729,408	4,023,415	89,369	295,147	–	–	348,457	646,062	2,167,234	4,964,624
Interest income	–	–	–	–	–	–	57,172	12,107	57,172	12,107
Interest expense	(85,979)	(132,399)	(4,443)	(9,712)	–	–	(17,324)	(21,261)	(107,746)	(163,372)
Depreciation and amortisation	(192,305)	(272,194)	(9,599)	(8,642)	(69,454)	(2,904)	(1,235)	(1,344)	(272,593)	(285,084)
Impairment loss on property, plant and equipment	(290,000)	–	–	–	(94,000)	(573,000)	–	–	(384,000)	(573,000)
Reportable segment (loss)/profit before income tax	(556,288)	592,046	(56,697)	(30,297)	(163,454)	(575,904)	11,965	264	(764,474)	(13,891)
Reportable segment assets	3,226,529	4,410,523	45,474	82,108	406,378	655,077	63,133	30,927	3,741,514	5,178,635
Capital expenditure	641,759	900,102	–	8,738	13,544	31,234	80	24	655,383	940,098
Reportable segment liabilities	2,381,446	3,045,564	–	–	25,893	33,116	42,662	15,072	2,450,001	3,093,752

Segmental information is presented in respect of the Group's geographical segments. In presenting information on the basis of geographical segments, segment revenue are based on the geographical location of customers. Segment capital expenditure and other assets are based on the geographical location of the assets.

	Asia RMB'000	Europe RMB'000	South America RMB'000	North America RMB'000	Others RMB'000	Consolidated RMB'000
2015						
Revenue from external customers	2,115,249	2,677	21,484	26,068	1,756	2,167,234
Non-current assets	1,549,824	–	–	–	–	1,549,824
2014						
Revenue from external customers	4,757,481	122,683	61,011	21,541	1,908	4,964,624
Non-current assets	1,778,171	–	–	–	–	1,778,171

Information about major customers

Revenue of approximately RMB243,815,668 (2014: RMB1,309,103,476) are derived from 4 (2014: 9) external customers. These revenues are attributable to the AA & AE and PMIDA & glyphosate segments in the PRC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

27 Related party transactions

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial years ended 31 December 2015 and 31 December 2014:

The Group	Note	2015 RMB'000	2014 RMB'000
Sale of chemical products	(i)	693,275	786,348
Purchase of assets on behalf	(ii)	–	34,898
Advances to a related party	(iii)	1,279	–
Purchase of inventories	(iv)	39,198	65,986
Purchase of spare parts	(v)	215	102,745
Purchase of raw material	(vi)	322,897	374,900
Sale of raw material and others spare parts	(vii)	378,296	177,675

(i) Sale of chemical products

The Group sold chemical products to Jiangsu Yinyan Specialty Chemicals Co., Ltd ("Jiangsu Yinyan"), Jiaxing Jinyan Chemical Co., Ltd ("Jiaxing Jinyan"), Yixing Danson Technology Co., Ltd ("Yixing Danson"), Taixing Jinyan Chemicals Technology Co., Ltd ("Taixing Jinyan") and Tianjing Tianjiao Radiation Curable Materials Co., Ltd ("Tianjing Tianjiao").

(ii) Purchase of assets on behalf

The Group purchased assets on behalf of Taixing Jinyan. Jiaxing Jinyan is the ultimate holding company of Taixing Jinyan.

(iii) Advances to a related party

During the year, the Group provide advances to Whitefield Capital Inc. amounted to RMB1,279,000. The amounts were unsecured, non-interest bearing and repayable on demand.

(iv) Purchase of inventories

The Group purchased inventories from Jiangsu Yinyan, Yixing Danson, Taixing Jinyan. and Jiaxing Jinyan.

(v) Purchase of spare parts

During the year, the Group purchased spare parts from Taixing Yumeng Wuzhi Co., Ltd, a subsidiary of Taixing Jinyan.

(vi) Purchase of raw material

During the year, The Group purchased raw materials from Jiangsu Yinyan, Yixing Danson, Taixing Jinyan. and Jiaxing Jinyan.

(vii) Sale of raw material and others spare parts

During the year, the Group sold raw material and others spares parts to Sunke.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

27 Related party transactions (Continued)

(b) Compensation of directors and key management personnel

The Group	2015 RMB'000	2014 RMB'000
Short-term employee benefits	6,312	10,369
CPF contributions	69	97
	6,381	10,466
Comprise amounts paid to:		
Directors of the Company	4,822	8,910
Other key management personnel	1,559	1,556
	6,381	10,466

28 Commitments

(a) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the consolidated financial statements are as follows:

The Group	2015 RMB'000	2014 RMB'000
Capital commitments:		
– contracted but not provided for	30,000	36,383

(b) Operating lease commitments – as lessee

The Group has entered into commercial lease on an office premise, a warehouse and a house. These leases have an average tenure of between 1 and 5 years (2014: 1 and 2 years). The lease for office premise has a renewal option included in the contract while the leases for warehouse and house do not have a renewal option or contingent rent provision included in the contract.

Minimum lease payments are recognised as an expense in profit or loss for the financial year ended 31 December 2015 amounted to RMB1,644,000 (2014: RMB687,000).

Future minimum rental payable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group		Company	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Not later than one year	66,134	272	691	228
Later than one year but not later than five years	304	5	229	5
	66,438	277	920	233

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

28 Commitments (Continued)

(c) Operating lease commitments – as lessor

The Company sub-leases office premise to external parties.

Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group and Company	
	2015	2014
	RMB'000	RMB'000
Not later than one year	225	175
Later than one year but not later than five years	75	–
	300	175

The leases on the Group and Company's office premise on which rentals are receivable will expire on 2017 (2014: 2015) with renewals at the then prevailing rates.

29 Corporate guarantee

Guarantee provided by the Group

- (i) The Group acted as a corporate guarantor to provide guarantees to its related parties amounted to RMB1,204,000,000 (2014: RMB1,264,443,000) respectively to secure banking facilities. As at 31 December 2015, the related parties had drawn down an amount of RMB296,390,000 (2014: RMB674,520,000) from these facilities. The loan facilities will expire in 2018 (2014: expire in 2015).

	2015	2014
	RMB'000	RMB'000
Guarantee given:		
Yixing Danson	484,000	473,928
Jiaying Jinyan	70,000	26,925
Jiangsu Yinyan	–	18,690
Taixing Jinyan	650,000	744,900
	1,204,000	1,264,443
	2015	2014
	RMB'000	RMB'000
Amount drawdown:		
Yixing Danson	63,500	241,795
Jiaying Jinyan	–	26,925
Jiangsu Yinyan	–	900
Taixing Jinyan	232,890	404,900
	296,390	674,520

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

29 Corporate guarantee (Continued)

Guarantee provided by the Group (Continued)

- (ii) As at 31 December 2015, the Group acted as a corporate guarantor to provide guarantees to unrelated parties amounting to RMB42,500,000 (2014: RMB170,000,000). Ms. Hu Yanping, the substantial shareholders of the Company and Mr. Sun Xiao (the Chief Executive Officer of the Company) have provided a personal guarantee for all guarantees provided by the Group.
- (iii) The Company acted as a corporate guarantor to provide guarantees to its subsidiaries, Dynix, amounted to USD10,000,000 (2014: USD10,000,000) to secure banking facilities.

At the reporting date, the Group and Company do not consider it probable that a claim will be made against the Company under the intra-group financial guarantee on the basis that the past three years historical experience to FY 2015, there are no defaults being triggered for the repayment of the principal or interest payments thereon in respect of the guarantee obligations.

The fair value of corporate guarantees are minimal because the banking facilities provided under the corporate guarantees are pledged by the assets.

30 Fair Value Measurement

Fair value

FRS 113 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of FRS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 Inventories or value in use in FRS 36 Impairment of Assets.

The carrying amount of financial assets and financial liabilities with a maturity of less than one year is assumed to approximate their fair values.

30.1 Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 : unobservable inputs for the asset or liability

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

30 Fair Value Measurement (Continued)

30.1 Fair value measurement of financial instruments (Continued)

The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 31 December 2015 and 31 December 2014:

The Group	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2015				
<u>Assets</u>				
Derivative assets	–	–	–	–
At 31 December 2014				
<u>Assets</u>				
Derivative assets	–	944	–	944

Derivatives – forward currency contracts (Note 17): Forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing model, using present value calculations. The model incorporates various inputs including the foreign exchange spot and forward rates, and forward rate curves.

There were no transfers between Level 1 and Level 2 in 2015 or 2014.

30.2 Accounting classifications of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities in each category are as follows:

The Group	Note	2015 RMB'000	2014 RMB'000
Loans and receivables			
Trade and other receivables	16	1,503,491	1,056,539
Pledged deposits and cash and bank balances	19	357,487	820,563
Total		1,860,978	1,877,102
Financial assets/(liabilities) at fair value through profit or loss			
Derivative assets	17	–	944
Financial liabilities at amortised cost:			
Borrowings	23	1,411,968	1,508,235
Trade and other payables	24	1,024,500	1,558,304
Total		2,436,468	3,066,539

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

30 Fair Value Measurement (Continued)

30.2 Accounting classifications of financial assets and financial liabilities (Continued)

The Company	Note	2015 RMB'000	2014 RMB'000
Financial assets:			
Trade and other receivables	16	38,603	32,652
Cash and bank balances	19	1,314	230
Total		39,917	32,882
Financial liabilities at amortised cost:			
Trade and other payables	24	24,499	38,012

31 Financial risk management objectives and policies

The Group and the Company financial risk management policies set out the Group's and the Company's overall business strategies and its risk management philosophy.

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's and the Company's activities.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risk.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group or the Company to incur a financial loss. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables, bank deposits and forward currency contracts. For trade receivables, the Company and the Group adopt the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For other financial assets (including cash and bank balances, pledged deposits and forward currency contracts), the Group and the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

31 Financial risk management objectives and policies (Continued)

(a) Credit risk (Continued)

Exposure to credit risk

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position, except for financial guarantees provided by the Group to related parties. The maximum exposure of the Group in respect of the financial guarantee (see note 29(ii)) at the reporting date is if the facility is drawn down by the related parties to the maximum amount of RMB1,204 million (2014: RMB1,264 million). At the reporting date, the Group does not consider it probable that a claim will be made against the Group under the intra-group financial guarantee.

The Group's and the Company's major classes of financial assets are trade and other receivables, deposits and bank deposits. Cash is held with reputable financial institutions.

Further details of credit risks on trade and other receivables are disclosed in Note 16.

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is that to maintain sufficient liquid financial assets and stand-by credit facilities with different banks and business alliances. The amount of stand-by credit facilities available to the Group at the end of the financial year is RMB1,253 million (2014: RMB1,834 million).

If the guarantees provided to related parties were to be crystallised on the assumption of default arising from the unfulfillment of loan obligations, the extent of the exposure to loss from guarantee contracts at the financial position dates would be RMB296.4 million (2014: RMB674.5 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

31 Financial risk management objectives and policies (Continued)

(b) Liquidity risk (Continued)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted cash flows:

	2015			
	One year or less RMB'000	One to five years RMB'000	Over five years RMB'000	Total RMB'000
The Group				
Trade and other payables	1,024,500	–	–	1,024,500
Borrowings	1,276,402	159,853	–	1,436,255
Financial guarantee contracts	–	1,246,500	–	1,246,500
	2,300,902	1,406,353	–	3,707,255
	2014			
	One year or less RMB'000	One to five years RMB'000	Over five years RMB'000	Total RMB'000
Trade and other payables	1,558,304	–	–	1,558,304
Borrowings	1,257,919	310,645	–	1,568,564
Financial guarantee contracts	1,434,443	–	–	1,434,443
	4,250,666	310,645	–	4,561,311
	2015			
	One year or less RMB'000	One to five years RMB'000	Over five years RMB'000	Total RMB'000
The Company				
Trade and other payables	24,499	–	–	24,499
Financial guarantee contracts	–	64,940	–	64,940
	24,499	64,940	–	89,439
	2014			
	One year or less RMB'000	One to five years RMB'000	Over five years RMB'000	Total RMB'000
Trade and other payables	38,012	–	–	38,012
Financial guarantee contracts	–	61,190	–	61,190
	38,012	61,190	–	99,202

The Group and the Company ensure that there are adequate funds to meet all its obligations in a timely and cost-effective manner.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

31 Financial risk management objectives and policies (Continued)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their borrowings. However, the Group's loans given to related parties are unsecured, interest bearing, repayable on demand and are to be settled in cash.

The Group's policy is to manage interest costs using a mix of fixed and floating rate debts taking into consideration the funding requirements of the Group.

Sensitivity analysis for interest rate risk

The Company and the Group are not exposed to any cash flows risk as it does not have any monetary financial instruments with variable interest rates.

(d) Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group has transactional currency exposures mainly arising from borrowings that are denominated in a currency other than the functional currency of Renminbi (RMB). The foreign currencies in which these transactions are denominated are mainly United States Dollar (USD).

Currently, the PRC government imposes control over foreign currencies. RMB, the official currency in China, is not freely convertible. Enterprises operating in the PRC can enter into exchange transactions through the People's Bank of China or other authorised financial institutions.

Exchanges of RMB for foreign currency must be arranged through the People's Bank of China or other authorised financial institutions. Approval for exchanges at the People's Bank of China or other authorised financial institutions is granted to enterprises in the PRC for valid reasons such as purchase of imported materials and remittance of earnings. While conversion of RMB into foreign currencies can generally be effected at the People's Bank of China or other authorised financial institutions, there is no guarantee that it can be effected at all times.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

31 Financial risk management objectives and policies (Continued)

(d) Foreign currency risk (Continued)

The Group's and Company's exposures to various currencies are as follows:

Group	Renminbi	Singapore	USD	Euro	Brazilian	Total
	RMB'000	Dollar RMB'000	RMB'000	RMB'000	Real RMB'000	RMB'000
2015						
Trade and other receivables	1,484,369	762	18,360	–	–	1,503,491
Cash and cash equivalents	327,355	254	29,749	1	128	357,487
Borrowings	(1,266,474)	–	(145,494)	–	–	(1,411,968)
Trade and other payables	(918,154)	(3,090)	(102,405)	(16)	(835)	(1,024,500)
	<u>(372,904)</u>	<u>(2,074)</u>	<u>(199,790)</u>	<u>(15)</u>	<u>(707)</u>	<u>(575,490)</u>
2014						
Trade and other receivables	1,016,581	1,262	38,696	–	–	1,056,539
Cash and cash equivalents	676,112	553	143,852	1	45	820,563
Borrowings	(932,216)	–	(576,019)	–	–	(1,508,235)
Trade and other payables	(1,432,979)	–	(125,308)	(17)	–	(1,558,304)
	<u>(672,502)</u>	<u>1,815</u>	<u>(518,779)</u>	<u>(16)</u>	<u>45</u>	<u>(1,189,437)</u>
Company	Renminbi	Singapore	USD	Euro	Brazilian	Total
	RMB'000	Dollar RMB'000	RMB'000	RMB'000	Real RMB'000	RMB'000
2015						
Trade and other receivables	681	713	37,209	–	–	38,603
Cash and cash equivalents	–	40	1,274	–	–	1,314
Trade and other payables	(19,336)	(2,267)	(2,896)	–	–	(24,499)
	<u>(18,655)</u>	<u>(1,514)</u>	<u>35,587</u>	<u>–</u>	<u>–</u>	<u>15,418</u>
2014						
Trade and other receivables	31,402	1,250	–	–	–	32,652
Cash and cash equivalents	–	230	–	–	–	230
Trade and other payables	–	–	(38,012)	–	–	(38,012)
	<u>31,402</u>	<u>1,480</u>	<u>(38,012)</u>	<u>–</u>	<u>–</u>	<u>(5,130)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

31 Financial risk management objectives and policies (Continued)

(d) Foreign currency risk (Continued)

The following table demonstrates the sensitivity of the Group and Company's foreign currency balances denominated in USD held by the Group and the Company whose functional currency is RMB, to a reasonably possible change in the USD exchange rates against the RMB, with all other variables held constant.

		The Group		The Company	
		Profit net of tax		Profit net of tax	
		Increase/(Decrease)		Increase/(Decrease)	
		2015	2014	2015	2014
		RMB'000	RMB'000	RMB'000	RMB'000
USD/RMB	– strengthened 3% (2014: 3%)	(4,798)	(12,702)	886	(946)
	– weakened 3% (2014: 3%)	4,798	12,702	(886)	946

(e) Market price risk

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices. As of the reporting date, the Group does not subject to significant market price risk.

32 Capital management

The Company's and the Group's objectives when managing capital are:

- (a) To safeguard the Company's and the Group's abilities to continue as a going concern;
- (b) To support the Company's and the Group's stabilities and growth;
- (c) To provide capital for the purpose of strengthening the Company's and the Group's risk management capabilities; and
- (d) To provide an adequate return to shareholders.

The Company and the Group actively and regularly review and manage its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Company and the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Company and the Group currently do not adapt any formal dividend policy.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

32 Capital management (Continued)

The Company and the Group monitor capital using capital net debt ratio, which is net debt divided by total capital plus net debt. The Company's and the Group's policy is to keep the gearing ratio at acceptable level. The Company and the Group include within net debt, loans and borrowings, less cash and short-term deposits. Capital includes equity attributable to the owners of the Company.

The immediate focus is to continue to optimise its operations with prudent cash management so as to maximise shareholders' value. The Group will continue to be guided by prudent financial policies.

The Group monitors capital using a gearing ratio, which is total net debt divided by total capital:

	The Group		The Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings	1,411,968	1,508,235	–	–
Less: Cash and cash equivalents	(357,487)	(820,563)	(1,314)	(230)
Total net debt	1,054,481	687,672	(1,314)	(230)
Total equity	1,291,513	2,084,883	358,090	337,505
Total capital	2,345,994	2,772,555	356,776	337,275
Gearing ratio	45%	25%	0%	0%

Total capital is calculated as equity plus total net debt.

There was no change to the Group's approach to capital management during the financial years ended 31 December 2015 and 2014.

The Group is not subject to externally imposed capital requirement.

STATISTICS OF SHAREHOLDINGS

AS AT 22 MARCH 2016

Class of shares	:	Ordinary Shares
Voting rights excluding treasury shares	:	One vote per ordinary share
No. of issued shares excluding treasury shares	:	532,000,641
No. of treasury shares	:	1,650,000
Percentage of treasury shares	:	0.31%

DISTRIBUTION OF HOLDERS OF SHARES BY SIZE OF SHAREHOLDINGS AS AT 22 MARCH 20156

Size of Shareholdings	No. of Holders	%	No. of Shares	%
1 – 99	4	0.19	98	0.00
100 – 1,000	53	2.56	47,644	0.01
1,001 – 10,000	845	40.74	5,996,102	1.13
10,001 – 1,000,000	1,147	55.30	77,043,040	14.48
1,000,001 and above	25	1.21	448,913,757	84.38
TOTAL	2,074	100.00	532,000,641	100.00

TWENTY LARGEST HOLDERS OF SHARES AS AT 22 MARCH 2016

No.	Name of Holders of Shares	No. of Shares	%
1	DBS VICKERS SECURITIES (S) PTE LTD	295,863,000	55.61
2	WHITEFIELD CAPITAL INC.	54,732,241	10.29
3	UOB KAY HIAN PTE LTD	17,909,900	3.37
4	CITIBANK NOMINEES SINGAPORE PTE LTD	13,382,823	2.52
5	MAYBANK KIM ENG SECURITIES PTE LTD	11,456,049	2.15
6	DBS NOMINEES PTE LTD	6,434,273	1.21
7	LIM & TAN SECURITIES PTE LTD	6,311,200	1.19
8	LIM CHAP HUAT	5,950,000	1.12
9	RAFFLES NOMINEES (PTE) LTD	5,193,734	0.98
10	GOH BEE LAN	5,049,200	0.95
11	PHILLIP SECURITIES PTE LTD	4,104,800	0.77
12	HONG LEONG FINANCE NOMINEES PTE LTD	2,703,700	0.51
13	LIM HAN QIN	2,700,000	0.51
14	UNITED OVERSEAS BANK NOMINEES PRIVATE LIMITED	2,541,800	0.48
15	NOMURA SINGAPORE LIMITED	1,980,000	0.37
16	DB NOMINEES (S) PTE LTD	1,894,337	0.36
17	MAYBANK NOMINEES (S) PTE LTD	1,500,000	0.28
18	FU HO OR LEE SIEW YOKE	1,344,800	0.25
19	KOH YOKE HAR	1,298,000	0.24
20	OCBC SECURITIES PRIVATE LIMITED	1,165,000	0.22
TOTAL		443,514,857	83.38

Note: The percentages are computed based on 532,000,641 ordinary shares excluding treasury shares as at 22 March 2016.

STATISTICS OF SHAREHOLDINGS

AS AT 22 MARCH 2016

SUBSTANTIAL SHAREHOLDERS AS AT 22 MARCH 2016

	Name of Substantial Shareholders	No. of shares in which substantial shareholders have direct interest	No. of shares in which substantial shareholders are deemed to have interest
1	Whitefield Capital Inc.	329,152,241	
2	Hu Yanping		329,152,241 ⁽¹⁾

Note:

(1) Deemed interest in 329,152,241 shares held by Whitefield Capital Inc. by virtue of Section 7 of the Companies Act, Cap. 50.

On the basis of the information available to the Company as at 22 March 2016, approximately 37.95% of the Company's total number of issued shares excluding treasury shares is held in the hands of the public. This is in compliance with Rule 723 of the Listing Manual of the SGX-ST which requires at least 10% of a listed issuer's total number of issued shares excluding treasury shares at all times held by the public.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of the Company will be held at Orchard Room, Level 4, Raffles City Convention Centre, 80 Bras Basah Road, Singapore 189560 on Friday, 29 April 2016 at 10:00 a.m. to transact the following businesses:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2015 and the Directors' Statement together with the Auditors' Report. **(Resolution 1)**
2. To re-elect the following directors who are retiring in accordance with the Company's Constitution:
 - (a) Mr Sun Xiao (Retiring under Article 89) **(Resolution 2)**
 - (b) Mr Zhu Wuling (Retiring under Article 89) **(Resolution 3)**
3. To re-appoint Foo Kon Tan LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 4)**
4. To approve the payment of Directors' fees of S\$336,000/- for the financial year ended 31 December 2015. **(Resolution 5)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions, with or without modifications:-

5. Authority to allot and issue new shares

"That:-

- (a) pursuant to Section 161 of the Companies Act, Cap. 50 (the "Act") and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to: **(Resolution 6)**
 - (i) issue shares in the capital of the Company ("Shares") whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares;

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and

NOTICE OF ANNUAL GENERAL MEETING

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) (the "Share Issues") shall not exceed 50 per cent (50%) of the Company's total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of Shares to be issued other than on a *pro-rata* basis to existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 20 per cent (20%) of the Company's total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (b) below);
- (ii) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of issued Shares (excluding treasury shares) shall be based on the Company's total number of issued Shares (excluding treasury shares) at the time this Resolution is passed, after adjusting for:
 - (A) new Shares arising from the conversion or exercise of any convertible securities;
 - (B) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time that this Resolution is passed; and
 - (C) any subsequent bonus issue, consolidation or subdivision of Shares;
- (c) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Listing Manual of the SGX-ST for the time being in force (in each case, unless compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, and the Constitution for the time being of the Company; and
- (d) such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier."

[See Explanatory Note 1]

NOTICE OF ANNUAL GENERAL MEETING

6. Approval for the renewal of Shareholders' Mandate for the Company to buy-back its own shares (Resolution 7)

"That:–

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50 (the "Act"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company ("Shares") not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:–
 - (i) on-market purchase(s) on the Singapore Exchange Securities Trading Limited ("SGX-ST"); and/or
 - (ii) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act, and otherwise in accordance with all laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Buy-Back Mandate");
- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:–
 - (i) the date of the next annual general meeting of the Company; or
 - (ii) the date by which the next annual general meeting of the Company is required by law to be held; or
 - (iii) the time when the Share Buy-Back Mandate is revoked or varied by the Shareholders of the Company in general meeting.

NOTICE OF ANNUAL GENERAL MEETING

(c) in this Resolution:–

“Maximum Percentage” means the number of Shares representing ten per cent. (10%) of the issued ordinary share capital of the Company as at the date of the passing of this Resolution; and

“Maximum Price” in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) which shall not exceed:–

(i) in the case of a market purchase, one hundred and five per cent. (105%) of the average closing market price. For this purpose, the average closing market price is the average of the closing market prices of the Shares transacted on the SGX-ST over the last five (5) market days (on which transactions in the Shares are recorded) immediately preceding the date of the market purchase by the Company and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs after the relevant five (5) day period; and

(ii) in the case of an off-market purchase, one hundred and twenty per cent. (120%) of the highest price a Share is transacted on the SGX-ST on the market day (when transactions in the Shares are recorded) immediately preceding the date on which the Company announces an off-market purchase offer stating the purchase price and the relevant terms of the equal access scheme.

(d) The Directors of the Company be and are hereby authorised to take all necessary steps and to negotiate, finalise and enter into all transactions, arrangements and agreements and to execute all such documents (including but not limited to the execution of application forms and transfers) with full and discretionary powers to make or assent to any modifications or amendments thereto in any manner they may deem necessary, expedient, incidental or in the interests of the Company and the Group for the purposes of giving effect to this Resolution and the transactions contemplated thereunder.”

[See Explanatory Note 2]

NOTICE OF ANNUAL GENERAL MEETING

7. Approval for the renewal of Shareholders' Mandate for Interested Person Transactions (Resolution 8)

"That:–

- (a) the approval be and is hereby given for the purpose of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), for the Company and its subsidiaries or any of them to enter into transactions with Ms Hu Yanping, Mr Sun Xiao, and their Associates (as defined in the Listing Manual) (the "Interested Persons") for:
 - (i) the sale of the Group's products to Interested Persons;
 - (ii) the provision and obtaining of processing services for raw materials to/from Interested Persons; and
 - (iii) the purchase of propylene and steam from Interested Persons, provided that such transactions are carried out on an arm's length basis and on normal commercial terms and are not prejudicial to the interests of the Company and any of its minority shareholders (the "Shareholders' Mandate").
- (b) the Shareholders' Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.
- (c) the Directors of the Company be and are hereby authorised to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to this Resolution."

[See Explanatory Note 3]

8. To transact any other business of which due notice shall have been given.

By Order of the Board

Teo Meng Keong
Company Secretary

14 April 2016
Singapore

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

1. Ordinary Resolution 6, if passed, will authorise the Directors of the Company to, from the date of the passing of Ordinary Resolution 6 to the date of the next annual general meeting, issue Shares and to make or grant instruments (such as warrants or debentures) convertible into Shares, and to issue Shares in pursuance of such instruments, up to an amount not exceeding in total 50 per cent (50%) of the total number of issued Shares (excluding treasury shares), with a sub-limit of 20 per cent (20%) of the total number of issued Shares (excluding treasury shares) for issues other than on a *pro-rata* basis to existing shareholders of the Company. For the purpose of determining the aggregate number of Shares that may be issued, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time that Ordinary Resolution 6 is passed, after adjusting for:–
 - (a) new Shares arising from the conversion or exercise of any convertible securities;
 - (b) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time that Ordinary Resolution 6 is passed; and
 - (c) any subsequent bonus issue, consolidation or sub-division of Shares.

In exercising the authority conferred by Ordinary Resolution 6, the Company shall comply with the requirements of the SGX-ST (unless waived by the SGX-ST), all applicable legal requirements and the Company's Constitution. This authority, will, unless revoked or varied at a general meeting, expire at the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

2. The Ordinary Resolution 7 proposed in item 6 above, if passed, renews the Share Buy-Back Mandate authorising the Directors of the Company to buy back shares of the Company by way of on-market purchase(s) and/or off-market purchase(s) according to prescribed rules and regulations governed by the Companies Act and the Listing Manual of the SGX-ST.
3. The Ordinary Resolution 8 proposed in item 7 above, if passed, renews the Interested Person Transactions ("IPT") Mandate authorising the Directors of the Company to enter into certain interested person transactions with persons who are considered "interested persons" (as defined in Chapter 9 of the Listing Manual of the SGX-ST). The audit committee of the Company has confirmed that the methods and review procedures for determining the IPT prices have not changed since the Company's annual general meeting held on 29 April 2015 and that such methods and review procedures are sufficient to ensure that the IPT will be carried out on normal commercial terms and will not be prejudicial to the interest of the Company and/or its minority shareholders.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

2. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services, at 80 Robinson Road, #11-02, Singapore 068898, not less than 48 hours before the time appointed for the holding of the General Meeting.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the annual general meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the annual general meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the annual general meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

SUNVIC CHEMICAL HOLDINGS LIMITED

(Company Registration No. 200406502E)

(Incorporated in the Republic of Singapore)

Important:

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Cap. 50 may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF monies to buy Sunvic Chemical Holdings Limited shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective agent banks if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 14 April 2016.

PROXY FORM

I/We _____ (NRIC/Passport No./Co Reg Number) _____
of _____
being a *member/members of Sunvic Chemical Holdings Limited (the "Company"), hereby appoint

Name	Address	NRIC/Passport No	Proportion of shareholdings to be represented by proxy (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport No	Proportion of shareholdings to be represented by proxy (%)

or failing him/them, the Chairman of the Annual General Meeting ("AGM"), as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the AGM of the Company to be held at 10.00 a.m. on Friday, 29 April 2016 at Orchard Room, Level 4, Raffles City Convention Centre, 80 Bras Basah Road, Singapore 189560 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM (of which Resolution Nos. 1 to 8 will be proposed as Ordinary Resolutions) as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/their discretion, as he/they may on any other matter arising at the AGM.

No.	Resolutions relating to:	For	Against
1.	To receive and adopt the Audited Accounts for the financial year ended 31 December 2015 and and the Directors' Statement together with the Auditors' Report thereon		
2.	To re-elect Mr Sun Xiao who is retiring pursuant to Article 89 of the Company's Articles of Association		
3.	To re-elect Mr Zhu Wuling who is retiring pursuant to Article 89 of the Company's Articles of Association		
4.	To re-appoint Foo Kon Tan LLP as auditors and to authorise the Directors to fix their remuneration		
5.	To approve the payment of Directors' Fees of S\$336,000 for the financial year ended 31 December 2015		
6.	To authorise Directors to allot and issue shares		
7.	To approve renewal of Shareholders' Mandate for the Company to buy-back its own shares		
8.	To approve renewal of Shareholders' Mandate for interested person transactions		

* Voting will be conducted by poll. If you wish to exercise all your voted "For" or "Against" the relevant resolution, please tick (✓) within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please indicate the number of shares in the boxes provided.

Dated this _____ day of _____ 2016.

Total Number of Shares held^(Note 1)

Signature(s)/Common Seal of Member(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES TO PROXY FORM:

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services, at 80 Robinson Road, #11-02, Singapore 068898, not less than 48 hours before the time appointed for the holding of the General Meeting.
5. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. The Company shall be entitled to reject an instrument appointing a proxy or proxies which is incomplete, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment). In addition, in the case a member whose shares are entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.
9. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.



SunVic Chemical Holdings Limited

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