

APPENDIX DATED 14 APRIL 2016

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

This Appendix is issued by Sunvic Chemical Holdings Limited. Its purpose is to explain to the Shareholders the rationale and provide information to the Shareholders for the proposed renewal of the Share Buy-Back Mandate (as defined in this Appendix) and the proposed renewal of the IPT Mandate (as defined in this Appendix) to be tabled at the annual general meeting of the Company to be convened at Orchard Room, Level 4, Raffles City Convention Centre, 80 Bras Basah Road, Singapore 189560 on 29 April 2016 at 10 a.m. (the “**2016 AGM**”). The notice of the 2016 AGM and the Proxy Form have been circulated with the Company’s Annual Report on 14 April 2016.

If you have sold all your shares in the capital of Sunvic Chemical Holdings Limited, you should hand this document immediately to the purchaser or to the stockbroker or to the bank or to the agent through whom you effected the sale for onward transmission to the purchaser.

The Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Appendix.



SUNVIC CHEMICAL HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 200406502E)

APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING

IN RELATION TO

- (1) THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE**
- (2) THE PROPOSED RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSONS TRANSACTIONS**

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DEFINITIONS

In this Appendix, the following definitions apply throughout unless otherwise stated:

<i>"2015 Mandate"</i>	:	The general and unconditional mandate granted by the Shareholders to the Directors on 29 April 2015 to exercise all powers of the Company to purchase or otherwise acquire its issued Shares
<i>"2016 AGM"</i>	:	The annual general meeting of the Company to be held on 29 April 2016
<i>"AA"</i>	:	Acrylic acid
<i>"AC"</i>	:	The audit committee of the Company
<i>"AGM"</i>	:	An annual general meeting of the Company
<i>"Appendix"</i>	:	This appendix to the notice of annual general meeting dated 14 April 2016
<i>"Approval Date"</i>	:	Has the meaning ascribed to it in section 2.3.1 of this Appendix
<i>"Approving Director"</i>	:	Has the meaning ascribed to it in section 3.10.2 of this Appendix
<i>"Associate"</i>	:	(a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means: (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more; (b) in relation to a Substantial Shareholder or Controlling Shareholder (being a company) means any company which is its subsidiary or holding company or is a subsidiary of any such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more
<i>"Audit Committee" or "AC"</i>	:	The audit committee of the Company for the time being
<i>"Associated Company"</i>	:	A company in which at least 20.0% but not more than 50.0% of its shares are held by the Company and/or its subsidiaries

<i>“Average Closing Price”</i>	:	Has the meaning ascribed to it in section 2.3.4 of this Appendix
<i>“Board” or “Board of Directors”</i>	:	The board of directors of the Company
<i>“BVI”</i>	:	British Virgin Islands
<i>“CDP”</i>	:	The Central Depository (Pte) Limited
<i>“Companies Act”</i>	:	The Companies Act (Chapter 50) of Singapore, as amended or modified from time to time
<i>“Companies (Amendment) Act”</i>	:	The Companies (Amendment) Act 2014 of Singapore
<i>“Company”</i>	:	Sunvic Chemical Holdings Limited
<i>“Constitution”</i>	:	The memorandum and articles of association of the Company which were in force immediately before 3 January 2016
<i>“Controlling Shareholder”</i>	:	A person who: (i) holds directly or indirectly 15.0% or more of the Company’s issued share capital; or (ii) in fact exercises control over the Company
<i>“Council”</i>	:	The Securities Industry Council
<i>“Depositors”</i>	:	The term “Depositors” shall have the meaning ascribed to it by section 81SF of the SFA
<i>“Depository Register”</i>	:	The term “Depository Register” shall have the meaning ascribed to it by section 81SF of the SFA
<i>“Director”</i>	:	A director for the time being of the Company
<i>“EPS”</i>	:	Earnings per Share
<i>“FY” or “Financial Year”</i>	:	Financial year ended 31 December
<i>“Group”</i>	:	The Company and its subsidiaries
<i>“Interested Persons”</i>	:	The interested persons of the Company who fall within the IPT Mandate
<i>“Interested Person Transaction” or “IPT”</i>	:	A transaction proposed to be entered into between the Group or any of its Subsidiaries or target associated companies with interested persons as defined under Chapter 9 of the Listing Manual

<i>“IPT Mandate”</i>	:	The general mandate approved by the Shareholders of the Company for the purposes of Chapter 9 of the Listing Manual of SGX-ST which enabled the Company, its subsidiaries and associated companies, or any of them, to enter, in the ordinary course of business, into certain specified classes of transactions with certain specified interested persons, which was last renewed by approval of the Shareholders at the Company’s AGM on 29 April 2015 and which is proposed to be renewed in the manner and on the terms set out in this Appendix
<i>“JJC”</i>	:	Jiangsu Jurong Chemicals Co., Ltd
<i>“JJP”</i>	:	Jiangsu Jurong Petrochemicals Co., Ltd.
<i>“Latest Practicable Date”</i>	:	1 April 2016, being the latest practicable date prior to the despatch of this Appendix
<i>“Listing Manual”</i>	:	The listing manual of the SGX-ST
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading of securities
<i>“Maximum Price”</i>	:	Has the meaning ascribed to it in section 2.3.4 of this Appendix
<i>“Notice of AGM”</i>	:	The notice of the 2016 AGM
<i>“NTA”</i>	:	Net tangible assets
<i>“On-Market Share Buy-Back”</i>	:	Has the meaning ascribed to it in section 2.3.3 of this Appendix
<i>“Off-Market Share Buy-Back”</i>	:	Has the meaning ascribed to it in section 2.3.3 of this Appendix
<i>“Relevant Period”</i>	:	Has the meaning ascribed to it in section 2.1 of this Appendix
<i>“SFA”</i>	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended or modified from time to time
<i>“SGX-ST”</i>	:	Singapore Exchange Securities Trading Limited
<i>“Share Buy-Back”</i>	:	The purchase of Shares by the Company pursuant to the Share Buy-Back Mandate
<i>“Share Buy-Back Mandate”</i>	:	The general and unconditional mandate given by Shareholders to authorise the Directors to exercise all powers of the Company to purchase or otherwise acquire its issued Shares in accordance with the rules and regulations set forth in the Companies Act and the Listing Manual
<i>“Shares”</i>	:	Ordinary shares in the capital of the Company

<i>“Shareholders”</i>	:	Registered holders of Shares except that where the registered holder is CDP, the term “Shareholders” in relation to Shares held by CDP shall mean the persons named as Depositors in the Depository Register maintained by CDP and to whose securities accounts such Shares are credited
<i>“Substantial Shareholders”</i>	:	A person who has an interest or interests in voting Shares in the Company representing not less than 5.0% of all the voting Shares
<i>“Take-over Code”</i>	:	The Singapore Code on Take-overs and Mergers, as amended and modified from time to time
<i>“S\$”, “SGD” or “\$” and “cents”</i>	:	Singapore dollars and cents respectively
<i>“%”</i>	:	Percentage and per centum

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, the Take-over Code, the Listing Manual or any statutory modification thereof and used in this Appendix, shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA, the Take-over Code, the Listing Manual or that modification, as the case may be, unless the context otherwise requires.

Words importing the singular number shall include the plural number where the context admits and *vice versa*. Words importing the masculine gender shall include the feminine gender where the context admits. Reference to persons shall, where applicable, include corporations.

Any reference to any agreement or document shall include such agreement or document as amended, modified, varied, novated, supplemented or replaced from time to time.

Any reference to a time of a day in this Appendix is a reference to Singapore time.

Any discrepancies in this Appendix between the sum of the figures stated and the totals thereof are due to rounding. Accordingly, the figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures which precede them.

For the purposes of this Appendix, the exchange rate of S\$1.00 to RMB4.7498 as at the Latest Practicable Date has been used for the purposes of calculation.

SUNVIC CHEMICAL HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 200406502E)

Directors:

Sun Xiao (Executive Director and Chief Executive Officer)
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)

Registered Office:

112 Robinson Road
#12-04 Robinson 112
Singapore 068902

14 APRIL 2016

To: The Shareholders of Sunvic Chemical Holdings Limited

Dear Sir/Madam,

1. INTRODUCTION

The Company will be holding its annual general meeting on 29 April 2016 at 10 a.m. at Orchard Room, Level 4, Raffles City Convention Centre, 80 Bras Basah Road, Singapore 189560 (the **"2016 AGM"**). Notice of the 2016 AGM (the **"Notice of AGM"**) and the Proxy Form have been circulated with the Company's 2015 Annual Report on 14 April 2016.

The purpose of this Appendix is to provide Shareholders with information relating to, and to seek their approval for: (a) the renewal of a general and unconditional mandate to be given for purchase or acquisition by the Company of its issued Shares (the **"Share Buy-Back Mandate"**), and (b) the renewal of a general mandate for the purposes of Chapter 9 of the Listing Manual of SGX-ST which enabled the Company, its subsidiaries and associated companies, or any of them, to enter, in the ordinary course of business, into certain specified classes of transactions with certain specified interested persons (the **"IPT Mandate"**), at the 2016 AGM.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

The SGX-ST assumes no responsibility for the accuracy of any statements made, opinions expressed or reports contained in this Appendix.

2. THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

2.1 Proposed renewal of the Share Buy-Back Mandate

Any purchase or acquisition of its Shares by the Company has to be made in accordance with, and in the manner prescribed by, the Companies Act, the rules of the Listing Manual, the Constitution of the Company, and such other laws and regulations as may, for the time being, be applicable.

At the AGM of the Company held on 29 April 2015, Shareholders had granted a general and unconditional mandate to the Directors to exercise all powers of the Company to purchase or otherwise acquire its issued Shares, on the terms of that mandate (the “**2015 Mandate**”). The 2015 Mandate will expire on 29 April 2016, being the date of the 2016 AGM. It is proposed that such authority be renewed.

Accordingly, the Directors propose to seek Shareholders’ approval at the 2016 AGM for a renewed general and unconditional mandate to be given to the Directors to exercise all powers of the Company to purchase or otherwise acquire its issued Shares on the terms of such mandate. If approved at the 2016 AGM, the authority conferred by the Share Buy-Back Mandate will continue in force until the date the next AGM is held or is required by law to be held, whichever is earlier (whereupon it will lapse, unless renewed at such meeting) or until it is varied or revoked by the Company in general meeting (if so varied or revoked prior to the date the next AGM is held or is required by law to be held, whichever is earlier) (the “**Relevant Period**”).

2.2 Rationale for the Share Buy-Back Mandate

The Share Buy-Back Mandate will give the Directors the flexibility to undertake Share Buy-Backs at any time when circumstances permit, with the objective of increasing Shareholders’ value and to improve, *inter alia*, the return of equity of the Group. A Share Buy-Back at an appropriate price level is one of the ways through which the return on equity of the Group may be enhanced. Share purchases or acquisitions provide the Company with an easy mechanism to facilitate the return of surplus cash over and above the ordinary capital requirements, in an expedient and cost-efficient manner. Share purchases or acquisitions also allow the Directors to exercise control over the Company’s share structure and may, depending on market conditions, lead to an enhancement of the EPS and/or NTA per Share of the Company.

The Share Buy-Back Mandate will provide the Company with an efficient mechanism to enhance return to Shareholders when circumstances permit. The Share Buy-Back Mandate will also give the Company the opportunity to purchase or acquire Shares when such Shares are undervalued, to help mitigate short-term market volatility and to offset the effects of short-term speculation.

The purchase or acquisition of Shares will only be undertaken if it can benefit the Company and Shareholders. No purchase or acquisition of Shares will be made in circumstances which would have, or may have, a material adverse effect on the liquidity (for example, share trading volume) and working capital of the Company and the Group.

2.3 Terms of the Share Buy-Back Mandate

The authority and limitations placed on the Share Buy-Backs by the Company under the proposed Share Buy-Back Mandate, if approved at the 2016 AGM, are summarised below:

2.3.1 Maximum number of Shares

Only Shares that are issued and fully paid-up may be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate.

The total number of Shares which can be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate, during the Relevant Period, is limited to that number of Shares representing not more than 10.0% of the total issued ordinary share capital of the Company (ascertained as at the date of the 2016 AGM at which the Share Buy-Back Mandate is approved, unless the Company has effected a reduction of the share capital

of the Company in accordance with the applicable provisions of the Companies Act at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered) (the “**Approval Date**”). For the purposes of calculating the percentage of issued Shares above, any of the Shares which are held as treasury shares will be disregarded.

Purely for illustrative purposes, assuming that the Company has 532,000,641 Shares as at the date of the 2016 AGM (being the number of Shares as at the Latest Practicable Date excluding treasury shares and assuming no change in the number of Shares on or prior to the date of the 2016 AGM), not more than 53,200,064 Shares (representing 10.0% of the issued share capital of the Company as at that date) may be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate during the duration referred to in section 2.3.2 below.

2.3.2 Duration of authority

Under the Share Buy-Back Mandate, Share Buy-Backs may be made, at any time and from time to time, on and from the date of the 2016 AGM, at which the Share Buy-Back Mandate is approved, up to the earlier of:

- (i) the conclusion of the next AGM or the date by which such AGM is required to be held;
- (ii) the date on which the Share Buy-Backs are carried out to the full extent mandated; or
- (iii) the date on which the authority contained by the Share Buy-Back Mandate is revoked or varied by the Shareholders in general meeting.

The authority conferred on the Directors by the Share Buy-Back Mandate to purchase Shares may be renewed at each AGM or other general meeting of the Company. When seeking the approval of the Shareholders for the renewal of the Share Buy-Back Mandate, the Company is required to disclose details pertaining to any Share Buy-Backs made during the previous twelve (12) months, including the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such Share Buy-Backs, where relevant, and the total consideration paid for such Share Buy-Backs.

2.3.3 Manner of purchases or acquisitions of Shares

Share Buy-Backs may be made by way of:

- (i) on-market purchases through the SGX-ST’s ready market or, as the case may be, any other stock exchange on which the Shares may, for the time being, be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for such purpose (“**On-Market Share Buy-Back**”); and/or
- (ii) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as defined in Section 76C of the Companies Act, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Listing Manual (“**Off-Market Share Buy-Back**”).

The Directors may impose such terms and conditions, which are not inconsistent with the Share Buy-Back Mandate, the Listing Manual and the Companies Act, as they consider fit, in the interests of the Company in connection with, or in relation to, any equal access scheme(s). Under the Companies Act, an equal access scheme must satisfy all of the following conditions:

- (i) offers for the Share Buy-Backs shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made to them;
- (iii) the terms of all the offers are the same, except that there shall be disregarded:
 - (a) differences in consideration attributable to the fact that offers relate to Shares with different accrued dividend entitlements;
 - (b) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and
 - (c) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, the Listing Manual provides that, in making an Off-Market Share Buy-Back, the Company must issue an offer document to all Shareholders which must contain at least the following information:

- (i) the terms and conditions of the offer;
- (ii) the period and procedures for acceptances;
- (iii) the reasons for the proposed Share Buy-Back;
- (iv) the consequences, if any, of Share Buy-Back by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (v) whether the Share Buy-Back, if made, could affect the listing of the Shares on the Official Listing of SGX-ST;
- (vi) details of any Share Buy-Backs made by the Company in the previous twelve (12) months (whether On-Market Share Buy-Backs or Off-Market Share Buy-Backs), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such Share Buy-Backs, where relevant, and the total consideration paid for such Share Buy-Backs; and
- (vii) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

2.3.4 Maximum purchase price

The purchase price (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors.

However, the purchase price to be paid for a Share pursuant to the Share Buy-Back Mandate as determined by the Directors must not exceed:

- (i) in the case of an On-Market Share Buy-Back, 105.0% of the Average Closing Price (as defined hereinafter) of the Shares; and
- (ii) in the case of an Off-Market Share Buy-Back, 120.0% of the Average Closing Price of the Shares,

(the “**Maximum Price**”) in either case, excluding related expenses of the Share Buy-Back.

For the above purposes:

The “**Average Closing Price**” means the average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in the Shares were recorded, preceding the day of the On-Market Share Buy-Back or, as the case may be, preceding the date of making an announcement by the Company of an offer for an Off-Market Share Buy-Back and deemed to be adjusted for any corporate action that occurs after the relevant five (5)-day period.

2.4 Status of purchased shares

A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

2.5 Cancellation of purchased Shares

Any Share which is purchased or acquired by the Company shall, unless held as treasury shares to the extent permitted under the Companies Act, be deemed cancelled immediately on purchase, and all rights and privileges attached to that Share shall expire on cancellation. The total number of Shares will be diminished by such number of Shares purchased or acquired by the Company and which are not held as treasury shares.

Any Shares purchased or acquired by the Company (other than treasury shares held by the Company to the extent permitted by the Companies Act) and cancelled will be automatically de-listed by the SGX-ST and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following the settlement of any such purchase.

2.6 Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under (i) the Listing Manual, and (ii) the Companies Act, are summarised below:

2.6.1 Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10.0% of the total number of issued Shares.

In the event that the Company holds more than 10.0% of the total number of its issued Shares as treasury shares, the Company shall cancel or dispose of the excess treasury shares in the manner set out under section 2.6.3 below within six (6) months beginning with the day on which that contravention occurs, or such further period as the Registrar of Companies may allow.

2.6.2 Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

2.6.3 Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time:

- (i) sell the treasury shares (or any of them) for cash;
- (ii) transfer the treasury shares (or any of them) for the purposes or pursuant to an employees' share scheme;
- (iii) transfer the treasury shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the treasury shares (or any of them); or
- (v) sell, transfer or otherwise use the treasury shares for such other purposes as may, by order, be prescribed by the Minister of Finance.

2.6.4 Reporting obligation under the Listing Manual

Under the Listing Manual, the Company must immediately announce any sale, transfer, cancellation and/or use of treasury shares, stating the following:

- (i) date of the sale, transfer, cancellation and/or use;
- (ii) purpose of such sale, transfer, cancellation and/or use;
- (iii) number of treasury shares sold, transferred, cancelled and/or used;
- (iv) number of treasury shares before and after such sale, transfer, cancellation and/or use;
- (v) percentage of the number of treasury shares against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (vi) value of the treasury shares if they are used for a sale or transfer, or cancelled.

2.7 Source of Funds

The Companies Act permits the Company to purchase its own Shares out of capital, as well as from its distributable profits, provided that:

- (a) the Company is able to pay its debts in full at the time it purchases the Shares and will be able to pay its debts as they fall due in the normal course of business in the twelve (12) months immediately following the purchase; and
- (b) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the purchase of Shares, become less than the value of its liabilities.

Further, for the purposes of determining the value of a contingent liability, the Directors or managers of the Company may take into account the following:

- (a) the likelihood of the contingency occurring; and
- (b) any claim the Company is entitled to make and can reasonably expect to be met to reduce or extinguish the contingent liability.

The Company will use internal resources and/or external borrowings and/or a combination of both to finance purchases of Shares pursuant to the Share Buy-Back Mandate.

The Directors will only carry out the Share Buy-Backs as and when they consider it to be in the best interest of the Company, and in circumstances that they believe would not result in a material adverse effect on the financial condition, liquidity and working capital of the Company and the Group.

2.8 Financial Effects

If the purchased or acquired Shares are cancelled, the issued share capital of the Company will be reduced by the corresponding total purchase price of the Shares purchased or acquired by the Company. The consideration to be paid by the Company for the purchase or acquisition of Shares (excluding related brokerage, applicable goods and services tax, stamp duties, clearance fees and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. If, on the other hand, the purchased or acquired Shares are not cancelled but held in treasury, then there is no change in the Company's issued capital. However, there will be financial effects as illustrated in paragraphs 2.8.1 and 2.8.2.

The financial effects on the Company and the Group arising from purchases or acquisition of Shares which may be made pursuant to the Share Buy-Back Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the price at which such Shares are purchased or acquired, the amount (if any) borrowed by the Company to fund the purchase or acquisition, and whether the Shares are cancelled or held in treasury. The financial effects on the Company and the Group, based on the audited financial statements of the Company and the Group for FY2015, are based on the following principal assumptions:

- (a) the acquisition of Shares pursuant to the Share Buy-Back Mandate had taken place on 31 December 2015 for the purpose of computing the financial effects on the EPS of the Group and the Company;

- (b) the acquisition of Shares pursuant to the Share Buy-Back Mandate had taken place on 31 December 2015 for the purpose of computing the financial effects on the shareholders' equity, NTA per Share and gearing of the Group and the Company; and
- (c) transaction costs incurred for the acquisition of Shares pursuant to the Share Buy-Back Mandate are assumed to be insignificant and have been ignored for the purpose of computing the financial effects.

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent.

Where the consideration (excluding related brokerage, applicable goods and services tax, stamp duties, clearance fees and other related expenses) paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced but the issued share capital of the Company will be reduced by the value of the Shares purchased. Where the consideration (excluding related brokerage, applicable goods and services tax, stamp duties, clearance fees and other related expenses) paid by the Company for the purchase or acquisition of the Shares is made out of profits, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

2.8.1 Market purchase

For illustrative purposes only, for On-Market Share Buy-Backs, assuming that:

- (i) the Maximum Price is S\$0.14 which is 105.0% of the Average Closing Price of the Shares over the five (5) trading days preceding the Latest Practicable Date on which transactions in the Shares were recorded; and
- (ii) the Company has 532,000,641 Shares as at the date of the 2016 AGM (being the number of Shares as at the Latest Practicable Date excluding treasury shares and assuming no change in the number of Shares at or prior to the date of the 2016 AGM), such that not more than 53,200,064 Shares may be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate,

the maximum amount of funds required for the purchase of up to 53,200,064 Shares under and during the duration of the Share Buy-Back Mandate, is approximately S\$7.2 million (equivalent to approximately RMB33.7 million).

On this assumption, the impact of the On-Market Share Buy-Backs by the Company undertaken in accordance with the proposed Share Buy-Back Mandate on the Company's and the Group's audited financial statements for FY2015 is as follows:

Assuming the use of internal resources to purchase the Shares

	Group			Company		
	Before Share Buy-Backs RMB'000	After Share Buy-Backs RMB'000	Purchased Shares held as Treasury Shares	Before Share Buy-Backs RMB'000	After Share Buy-Backs RMB'000	Purchased Shares held as Treasury Shares
As at 31 December 2015						
Current assets	2,144,102	2,110,416	2,110,416	39,966	39,966	39,966
Current liabilities	2,279,343	2,279,343	2,279,343	24,500	24,500	24,500
Working Capital	(135,241)	(168,927)	(168,927)	15,466	15,466	15,466
Shareholders' funds	1,345,314	1,311,628	1,311,628	358,089	358,089	391,775
Total borrowing	1,411,968	1,411,968	1,411,968	—	—	—
Number of Shares (excluding treasury shares)	532,000,641	478,800,577	478,800,577	532,000,641	478,800,577	478,800,577
Financial Ratios						
NTA per share (RMB cents)	252.88	273.94	273.94	67.31	74.79	74.79
Earnings per Share (RMB cents)	(146.52)	(162.80)	(162.80)	—	—	—
Gearing ratio (times)	1.05	1.08	1.08	—	—	—
Current ratio (times)	0.94	0.93	0.93	1.63	1.63	1.63

As at 31 December 2015, the Group and the Company had cash and bank balances of approximately RMB173.6 million (equivalent to approximately S\$37.3 million) and RMB1.3 million (equivalent to approximately S\$0.3 million), respectively.

In order to effect a purchase of up to 53,200,064 Shares at the Maximum Price computed as at the Latest Practicable Date, cash reserves from the Group of RMB33.7 million (equivalent to approximately S\$7.2 million) will be required.

Assuming the use of external borrowings to purchase the Shares

	Group			Company		
	Before Share Buy-Backs RMB'000	After Share Buy-Backs RMB'000	Purchased Shares held as Treasury Shares	Before Share Buy-Backs RMB'000	After Share Buy-Backs RMB'000	Purchased Shares held as Treasury Shares
As at						
31 December 2015						
Current assets	2,144,102	2,144,102	2,144,102	39,966	39,966	39,966
Current liabilities	2,279,343	2,313,029	2,313,029	24,500	24,500	24,500
Working Capital	(135,241)	(168,927)	(168,927)	15,466	15,466	15,466
Shareholders' funds	1,345,314	1,311,628	1,311,628	358,089	358,089	391,775
Total borrowing	1,411,968	1,445,654	1,445,654	–	–	–
Number of Shares (excluding treasury shares)	532,000,641	478,800,577	478,800,577	532,000,641	478,800,577	478,800,577
Financial Ratios						
NTA per share (RMB cents)	252.88	273.94	273.94	67.31	74.79	74.79
Earnings per Share (RMB cents)	(146.52)	(162.80)	(162.80)	–	–	–
Gearing ratio (times)	1.05	1.10	1.10	–	–	–
Current ratio (times)	0.94	0.93	0.93	1.63	1.63	1.63

2.8.2 Off-market purchase

For illustrative purposes only, for Off-Market Share Buy-Backs, assuming that:

- (i) the Maximum Price is S\$0.15, which is 120.0.% of the Average Closing Price of the Shares over the five (5) trading days preceding the Latest Practicable Date on which transactions in the Shares were recorded; and
- (ii) the Company has 532,000,641 Shares as at the date of the 2016 AGM (being the number of Shares as at the Latest Practicable Date excluding treasury shares and assuming no change in the number of Shares at or prior to the date of the 2016 AGM), such that not more than 53,200,064 Shares may be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate,

the maximum amount of funds required for the purchase of up to 53,200,064 Shares under and during the duration of the Share Buy-Back Mandate, is approximately S\$8.3 million (equivalent to approximately RMB38.5 million).

On this assumption, the impact of the Off-Market Share Buy-Backs by the Company undertaken in accordance with the proposed Share Buy-Back Mandate on the Company's and the Group's audited financial statements for FY2015 is as follows:

Assuming the use of internal resources to purchase the Shares

	Group			Company		
	Before Share Buy-Backs RMB'000	After Share Buy-Backs RMB'000	Purchased Shares held as Treasury Shares	Before Share Buy-Backs RMB'000	After Share Buy-Backs RMB'000	Purchased Shares held as Treasury Shares
As at 31 December 2015						
Current assets	2,144,102	2,105,604	2,105,604	39,966	39,966	39,966
Current liabilities	2,279,343	2,279,343	2,279,343	24,500	24,500	24,500
Working Capital	(135,241)	(173,739)	(173,739)	15,466	15,466	15,466
Shareholders' funds	1,345,314	1,306,816	1,306,816	358,089	358,089	396,587
Total borrowing	1,411,968	1,411,968	1,411,968	—	—	—
Number of Shares (excluding treasury shares)	532,000,641	478,800,577	478,800,577	532,000,641	478,800,577	478,800,577
Financial Ratios						
NTA per share (RMB cents)	252.88	272.94	272.94	67.31	74.79	74.79
Earnings per Share (RMB cents)	(146.52)	(162.80)	(162.80)	—	—	—
Gearing ratio (times)	1.05	1.08	1.08	—	—	—
Current ratio (times)	0.94	0.92	0.92	1.63	1.63	1.63

As at 31 December 2015, the Group and the Company had cash and bank balances of approximately RMB173.6 million (equivalent to approximately S\$37.3 million) and RMB1.3 million (equivalent to approximately S\$0.3 million), respectively.

In order to effect a purchase of up to 53,200,064 Shares at the Maximum Price computed as at the Latest Practicable Date, cash reserves from the Group of RMB38.5 million (equivalent to approximately S\$8.3 million) will be required.

Assuming the use of external borrowings to purchase the Shares

	Group			Company		
	Before Share Buy- Backs RMB'000	After Share Buy-Backs RMB'000		Before Share Buy- Backs RMB'000	After Share Buy-Backs RMB'000	
		Purchased Shares Cancelled	Purchased Shares held as Treasury Shares		Purchased Shares Cancelled	Purchased Shares held as Treasury Shares
As at						
31 December 2015						
Current assets	2,144,102	2,144,102	2,144,102	39,966	39,966	39,966
Current liabilities	2,279,343	2,317,841	2,317,841	24,500	24,500	24,500
Working Capital	(135,241)	(173,739)	(173,739)	15,466	15,466	15,466
Shareholders' funds	1,345,314	1,306,816	1,306,816	358,089	358,089	396,587
Total borrowing	1,411,968	1,450,466	1,450,466	–	–	–
Number of Shares (excluding treasury shares)	532,000,641	478,800,577	478,800,577	532,000,641	478,800,577	478,800,577
Financial Ratios						
NTA per share (RMB cents)	252.88	272.94	272.94	67.31	74.79	74.79
Earnings per Share (RMB cents)	(146.52)	(162.80)	(162.80)	–	–	–
Gearing ratio (times)	1.05	1.11	1.11	–	–	–
Current ratio (times)	0.94	0.93	0.93	1.63	1.63	1.63

Shareholders should note that the financial effects set out above are for illustrative purposes only. In particular, it is important to note that the above analysis is based on historical audited financial statements for FY2015 and is not necessarily representative of future financial performance.

Although the Share Buy-Back Mandate would authorise the Company to purchase or acquire up to 10.0% of the issued Shares (excluding treasury shares), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10.0% of the issued Shares (excluding treasury shares). In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased as treasury shares.

The Company will take into account both financial factors (for example, cash surplus, debt position and working capital requirement) and non-financial factors (for example, share market conditions and the performance of the Shares) in assessing the relative impact of a Share Buy-Back before execution.

2.9 Listing Manual

- 2.9.1 As at the Latest Practicable Date, approximately 38.0% of the issued share capital of the Company are held in the hands of the public. Assuming that the Company repurchased the maximum of 10.0% of its issued share capital as at the Latest Practicable Date from members of the public by way of an On-Market Share Buy-Back, the percentage of Shares held by the public would be approximately 28.0%.
- 2.9.2 Accordingly, the Company is of the view that there is a sufficient number of the Shares in issue held by public Shareholders which would permit the Company to undertake Share Buy-Backs up to the full 10.0% limit, pursuant to the Share Buy-Back Mandate, without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading. The Directors will ensure that any Share Buy-Backs, if undertaken by the Company pursuant to the Share Buy-Back Mandate, will not affect orderly trading of the Company's Shares and its listing status.
- 2.9.3 Further, the Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m., (a) in the case of an On-Market Share Buy-Back, on the Market Day following the day of purchase or acquisition of any of its shares; and (b) in the case of an Off-Market Share Buy-Back, on the second Market Day after the close of acceptances of the offer. Such announcement should be made in compliance with Appendix 8.3.1 of the Listing Manual.
- 2.9.4 While the Listing Manual does not expressly prohibit any purchase of shares by a listed company of its own shares during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase of its issued shares, the Company will not undertake any buy-back of Shares pursuant to the proposed Share Buy-Back Mandate at any time after any matter or development of a price sensitive nature has occurred or has been the subject of a decision until such price sensitive information has been publicly announced. In particular, in line with Rule 1207(19)(c) of the Listing Manual, the Company will not purchase or acquire any Shares pursuant to the proposed Share Buy-Back Mandate during the period commencing two (2) weeks before the announcement of the Company's financial statements for each of the first three (3) quarters of its financial year and one (1) month before the announcement of the Company's full year financial statements (if required to announce quarterly financial statements), or one (1) month before the announcement of the Company's half year and full year financial statements (if not required to announce quarterly financial statements).

2.10 Taxation

Shareholders who are in doubt as to their respective tax positions or the tax implications of the Share Buy-Backs by the Company or who may be subject to tax whether in or outside of Singapore should consult their own professional advisers.

2.11 Take-over Code implications arising from Share Buy-Backs

2.11.1 Obligation to make a take-over offer

If, as a result of Share Buy-Backs, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of the Take-over Code. If such increase results in the change of control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains

or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code.

2.11.2 Persons acting in concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, the following persons will, *inter alia*, be presumed to be acting in concert:

- (a) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (b) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the above companies, and any company whose associated companies include any of the above companies. For this purpose, a company is an associated company of another company if the second company owns or controls at least 20.0% but not more than 50.0% of the voting rights of the first-mentioned company;
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis;
- (e) a financial or other professional adviser, with its clients in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholding of the adviser and any of those funds in the client total 10.0% or more of the client's equity share capital;
- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer where they have reason to believe a *bona fide* offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the above, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

The circumstances under which Shareholders (including Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a Share Buy-Back by the Company are set out in Appendix 2 of the Take-over Code.

2.11.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30.0% or more, or, if such Shareholder holds between 30.0% and 50.0% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1.0% in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the proposed renewal of the Share Buy-Back Mandate.

With regard to Directors and persons acting in concert with them, if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30.0% or more, or if the voting rights of such Directors and their concert parties fall between 30.0% and 50.0% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1.0% in any period of six (6) months, such Directors and persons acting in concert with them will be exempted from the requirement to make a take-over offer under Rule 14 of the Take-over Code, subject to the following conditions:

- (a) this Appendix to contain advice to the effect that by voting for the proposed renewal of the Share Buy-Back Mandate, Shareholders are waiving their right to a general offer at the required price from Directors and parties acting in concert with them who, as a result of the Company buying back its Shares, would increase their voting rights to 30.0% or more, or, if they together hold between 30.0% and 50.0% of the Company's voting rights, would increase their voting rights by more than 1.0% in any period of six (6) months; and the names of such Directors and persons acting in concert with them, their voting rights at the time of the resolution and after the proposed Share Buy-Back, to be disclosed in this same Appendix;
- (b) the resolution to authorise the proposed renewal of the Share Buy-Back Mandate to be approved by a majority of those Shareholders, present and voting at the meeting on a poll, who could not become obliged to make an offer as a result of the proposed renewal of the Share Buy-Back Mandate;
- (c) Directors and/or persons acting in concert with them to abstain from voting for and/or recommending Shareholders to vote in favour of the resolution to authorise the proposed renewal of the Share Buy-Back Mandate;
- (d) within seven (7) days after the passing of the resolution to authorise the proposed renewal of the Share Buy-Back Mandate, each of the Directors to submit to the Council a duly signed form as prescribed by the Council;
- (e) Directors and/or persons acting in concert with them not to have acquired and not to acquire any Shares between the date on which they know that the announcement of the Share Buy-Back proposal is imminent and the earlier of:–
 - the date on which the authority of the proposed renewal of the Share Buy-Back Mandate expires; and
 - the date on which the Company announces it has bought back such number of Shares as authorised by Shareholders at the latest general meeting or it has decided to cease buying back its Shares, as the case may be,

if such acquisitions, taken together with the Share Buy-Back, would cause their aggregate voting rights to increase to 30.0% or more; and

- (f) Directors and/or persons acting in concert with them, together holding between 30.0% and 50.0% of the Company's voting rights, not to have acquired and not to acquire any Shares between the date on which they know that the announcement of the Share Buy-Back proposal is imminent and the earlier of:–

- the date on which the authority of the proposed renewal of the Share Buy-Back Mandate expires; and
- the date on which the Company announces it has bought back such number of Shares as authorised by Shareholders at the latest general meeting or it has decided to cease buying back its Shares, as the case may be,

if such acquisitions, taken together with the Share Buy-Back, would cause their aggregate voting rights to increase by more than 1.0% in the preceding six (6) months.

It follows that where the aggregate voting rights held by a Director and persons acting in concert with him increase by more than 1.0% solely as a result of the Share Buy-Back and none of them has acquired any Shares during the relevant period defined above, then such Director and/or persons acting in concert with him would be eligible for Council's exemption from the requirement to make a general offer under Rule 14 of the Take-over Code, or where such exemption had been granted, would continue to enjoy the exemption.

2.11.4 Application of the Take-over Code

The shareholdings of the Substantial Shareholders as at the Latest Practicable Date and after the purchase by the Company (other than from the Substantial Shareholders) of the maximum of 10.0% of the issued share capital of the Company pursuant to the Share Buy-Back Mandate as the case may be, are as follows:

	Shareholdings as at the Latest Practicable Date			Shareholdings after the maximum Share Buy-Backs permitted under the renewal of Share Buy-Back Mandate ⁽¹⁾		
	Direct Interest (number of shares)	Deemed Interest (number of shares)	Total interest (%)	Direct Interest (number of shares)	Deemed Interest (number of shares)	Total interest (%)
Whitefield Capital Inc. ⁽²⁾	329,152,241	–	61.87	329,152,241	–	68.75
Hu Yanping	–	329,152,241	61.87	–	329,152,241	68.75

Notes:

- (1) The above is based on the assumption that the Shares bought back by the Company will be cancelled immediately.
- (2) Whitefield Capital Inc. is an investment company incorporated in the British Virgin Islands ("BVI") and its entire issued and paid-up capital is owned by Hu Yanping. Hu Yanping is deemed interested in all the shares held by Whitefield Capital Inc. Hu Yanping is the mother of Sun Xiao.

As Hu Yanping and Whitefield Capital Inc. already have aggregate shareholding interests of more than 50.0% in the Company, the increase in shareholdings in the event the Company purchases the maximum number of Shares permissible under the Share Buy-Back Mandate will not require either person to make a general offer under Rule 14 of the Take-over Code.

Other than as disclosed above, the Directors are not aware of any facts or factors which suggest or imply that any particular Shareholder is, or may be regarded as, a party acting in concert such that his interests in voting shares in the capital of the Company should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase of Shares by the Company pursuant to the Share Buy-Back Mandate.

As at the Latest Practicable Date, the Directors are not aware of any Shareholder who may become obligated to make a mandatory offer in the event that the Company purchases the maximum limit of 10.0% of its issued Shares under the Share Buy-Back Mandate.

Shareholders are advised to consult their professional advisers and/or the relevant authorities at the earliest opportunity as to whether they would incur any obligation to make a take-over offer as a result of any purchase or acquisition of Shares by the Company pursuant to the Share Buy-Back Mandate.

2.12 Details of Share Buy-Backs pursuant to a Share Buy-Back Mandate

The Company has effected purchases of 1,650,000 of its own Shares by way of On-Market Share Buy-Backs during the last twelve (12) months immediately preceding and up to the Latest Practicable Date. The highest and lowest prices paid for such Share Buy-Backs are S\$0.21894 and S\$0.205, respectively. The total consideration paid by the Company for such Share Buy-Backs is S\$348,388.72. The said 1,650,000 Shares purchased by the Company are now held by the Company as treasury shares.

2.13 Reporting Requirements

The Directors shall lodge with the Registrar of Companies a notice of share purchase within thirty (30) days of a Share Buy-Back. Such notification shall include the date of the purchases, the number of Shares purchased by the Company, the number of Shares cancelled, the number of treasury shares held, the Company's issued share capital before and after the purchases, the amount of consideration paid by the Company for the purchases and such other particulars as may be required in the prescribed form.

Within thirty (30) days of the cancellation or disposal of treasury shares in accordance with the provisions of the Companies Act, the Directors shall lodge with the Registrar of Companies the notice of cancellation or disposal of treasury shares in the prescribed form.

3. THE PROPOSED RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

3.1 The General Mandate for Interested Person Transactions

The Company had, at its annual general meeting held on 27 April 2007, sought and obtained the approval of Shareholders for a general mandate to enable the Company, its subsidiaries and associated companies, or any of them, to enter into certain types of recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations with the specified classes of persons who are considered to be Interested Persons for the purposes of Chapter 9 of the Listing Manual. The IPT Mandate is subject

to annual renewal. The IPT Mandate was last renewed at the AGM held on 29 April 2015 and its validity period will expire at the 2016 AGM. It is proposed that the existing IPT Mandate be tabled to Shareholders for renewal and approval at the 2016 AGM. The particulars and review procedures of the IPTs in respect of the IPT Mandate proposed to be renewed remain unchanged since the last Shareholder's approval obtained on 29 April 2015.

3.2 Existing IPT Mandate

According to the IPT Mandate, the Group was approved to enter into IPTs with Interested Persons as follows:

- (i) Sale of the Group's products, such as acrylic acid ("**AA**"), to Interested Persons; and
- (iii) purchases of propylene and steam from Jiangsu Jurong Petrochemicals Co., Ltd. ("**JJP**").

3.3 Classes of Interested Person

Pursuant to Chapter 9 of the Listing Manual, an "Interested Person" means a director, chief executive officer or controlling shareholder of the Company or an associate of such director, chief executive officer or controlling shareholder.

The definition of an associate, in the case of a company, is as follows:

- (a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:
 - (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more;
- (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more;

The IPTs attract the application of Rule 906 of the Listing Manual and require Shareholders' approval.

An explanation of the applicable Listing Manual requirements, and the implications thereof, are set out below.

3.4 Requirements of Chapter 9 of the Listing Manual

Under Chapter 9 of the Listing Manual, where an entity at risk proposes to enter into a transaction with interested persons of the issuer, Shareholders' approval and/or an immediate announcement is required in respect of that transaction if its value is equal to or exceeds certain financial thresholds.

Pursuant to Rule 906 of the Listing Manual, Shareholders' approval (in addition to an immediate announcement) is required where:

- (a) the value of such transaction is equal to or exceeds 5.0% of the Group's latest audited NTA; or
- (b) the value of such transaction with interested persons when aggregated with the values of other transactions previously entered into with the same interested person in the same financial year, equals to or exceeds 5.0% of the Group's latest audited NTA, such aggregation need not include any transaction that has been approved by shareholders previously or is the subject of aggregation with another transaction that has been previously approved by shareholders.

Pursuant to Rule 909 of the Listing Manual, the value of a transaction is the amount at risk to the issuer. This is illustrated by the following examples:

- (a) In the case of a party-owned subsidiary or associated company, the value of the transaction is the issuer's effective interest in that transaction;
- (b) In the case of a joint venture, the value of the transaction includes the equity participation, shareholders' loans and guarantees given by the entity at risk; and
- (c) In the case of borrowing of funds from an interested person, the value of the transaction is the interest payable on the borrowing. In the case of lending of funds to an interested person, the value of the transaction is the interest payable on the loan and the value of the loan.

3.5 Details on the IPT Mandate for the Interested Person Transactions

It is envisaged that in the normal course of their businesses, transactions between the Group and the Group's interested persons are likely to occur from time to time. Such transactions would include, but are not limited to, the provision of goods and services in the ordinary course of business of the Group to the Group's interested persons or the obtaining of goods and services from them.

3.6 Categories of Interested Persons

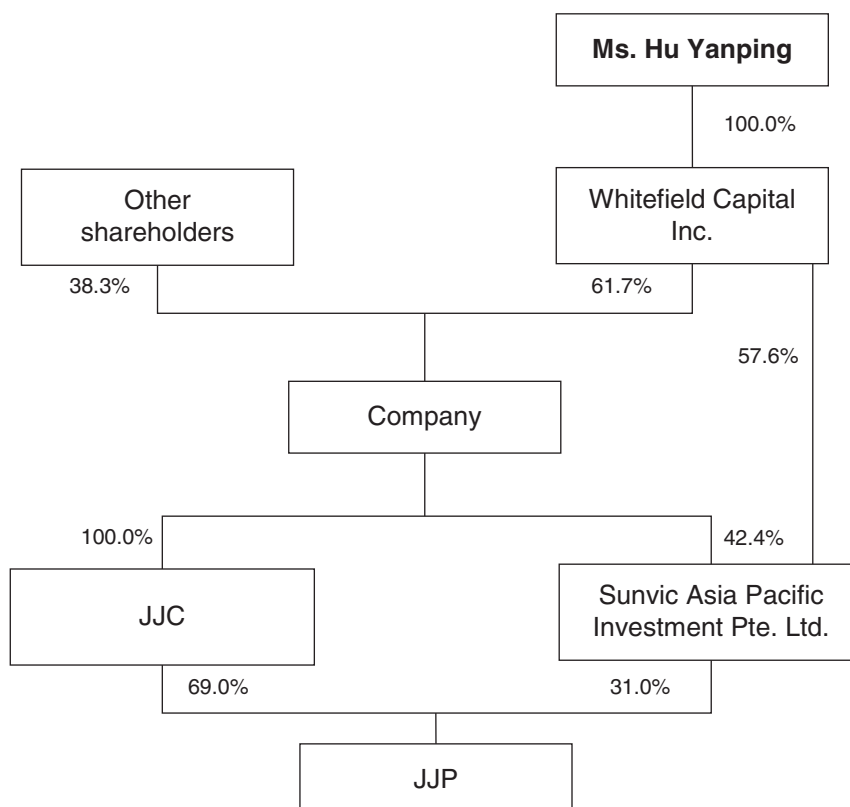
The IPT Mandate will apply to the following classes of Interested Persons:

- (i) Ms. Hu Yanping;
- (ii) Mr. Sun Xiao;
- (iii) the Associates of Ms. Hu Yanping and Mr. Sun Xiao; and
- (iv) JJP.

(collectively the "Interested Persons" and each an "Interested Person")

3.6.1 Hu Yanping's interests in JJP

The shareholding structure of JJP as at the Latest Practicable Date is as follows:



Based on the diagram above, Ms. Hu Yanping's aggregate effective interest in JJP is 68.5%. As such, JJP is classified as an Interested Person pursuant to the Listing Manual.

Transactions with interested persons that do not fall within the ambit of the IPT Mandate shall be subject to the relevant provisions of Chapter 9, and/or other applicable provisions, of the Listing Manual.

3.7 Categories of Interested Person Transactions

The transactions that will be covered by the IPT Mandate (the "**Interested Person Transactions**") are:

- (i) Sale of the Group's products, such as AA, to Interested Persons; and
- (ii) Purchases of propylene and steam from JJP.

3.8 Details of Directors (if any) to be appointed in connection with the IPT Mandate

No person is proposed to be appointed as Director to the Company in connection with the IPT Mandate.

3.9 Rationale for the IPT Mandate for Interested Person Transactions

The Directors of the Company are of the view that it would be in the best interests of the Group to renew the IPT Mandate for the following reasons:

- (a) The Company had previously in its prospectus dated 26 January 2007 indicated one of its future plans as the development of upstream products (such as propylene) to reduce reliance on external suppliers. Propylene and steam are key raw materials for the Group's production. The transactions with JJP could thus potentially provide the Group with an alternative source of feedstock and reduce the Group's reliance on external raw material sources;
- (b) the renewal of the IPT Mandate on an annual basis will eliminate the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential IPTs arise, thereby reducing substantially, the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Group; and
- (c) the IPT Mandate is intended to facilitate transactions in the Group's normal course of business which are transacted from time to time with the Interested Person, provided that they are carried out at arm's length and on normal commercial terms, and are not prejudicial to the interests of the Group and the minority Shareholders.

3.10 Guidelines and Review Procedures for Interested Person Transactions under the IPT Mandate

The Group has implemented the following procedures to ensure that the IPTs are undertaken at arms' length and on normal commercial terms and consistent with our usual business practices and policies, which are generally no more favourable than those extended to unrelated third parties (where applicable).

3.10.1 Determination of transaction prices for sale of our products to Interested Persons

- (a) Sale of our products to Interested Persons

When selling our products to Interested Persons, the price quoted shall be the same as the prevailing market prices, which is based on the demand and supply condition of our products and industry norms, and is similar to prices we extend to other unrelated third party customers. The price is determined after taking into consideration factors such as quantity ordered, bulk discounts, credit terms and long-term business relationship. The prices charged to Interested Persons may not be lower than the prices sold to unrelated third party customers.

In a case where the Group cannot obtain the prevailing market price, the Group Financial Controller or a Director (who has no interest, directly or indirectly, in the transaction) will determine the pricing of products to Interested Persons in accordance with the Group's usual business practices and pricing policies and after consideration of factors such as quantity ordered, bulk discounts, credit terms and long-term business relationship.

Credit terms granted by the Group to Interested Persons shall not be more favourable than those granted by us to unrelated third party customers.

(b) Purchase of propylene from Interested Persons

When purchasing propylene from Interested Persons, the purchase price shall be at 3.0% discount to the prevailing market prices, which is based on the demand and supply condition of propylene and industry norms. The purchase price is determined after taking into consideration factors such as quantity ordered, bulk discounts, credit terms and long-term business relationship. The discount rate of 3.0% has been agreed by both parties based on commercial terms and industry norms, and will be reviewed and agreed by both parties as and when deemed necessary.

In a case where the Group cannot obtain the prevailing market purchase price, the Group Financial Controller or a Director (who has no interest, directly or indirectly, in the transaction) will determine the purchase price of propylene from other unrelated third party suppliers in accordance with the Group's usual business practices and pricing policies and after consideration of factors such as quantity ordered, bulk discounts, credit terms and long-term business relationship.

Credit terms granted to the Group shall not be less favourable than those granted by Interested Persons to their unrelated third party customers for the same type of transactions.

(c) Purchase of steam from Interested Persons

When purchasing steam from Interested Persons, the purchase price shall be at 3.0% discount to the pricing quoted by Chenjiagang Power Station, which is the sole power plant in the chemical zone of which our plants are located. The discount rate of 3.0% has been agreed by both parties based on commercial terms and industry norms, and will be reviewed and agreed by both parties as and when deemed necessary.

Credit terms granted to the Group shall not be less favourable than those granted by Interested Persons to their unrelated third party customers for the same type of transactions.

3.10.2 Approval limits

All IPTs shall be categorised and monitored as follows:

- (a) All IPTs shall be approved by the Group Financial Controller or a Director ("**Approving Director**") prior to entry. The Group Financial Controller and the Approving Director shall be persons who have no interest, directly or indirectly, in the transaction. Yang Guoqiang is currently designated as the Approving Director; and
- (b) For IPTs entered by the Company with the same interested person during same financial year where the value of IPTs in aggregate equal to 3.0% or more of the latest audited NTA of the Group (excluding transactions below S\$100,000), we shall obtain the approval of the Audit Committee ("**AC**") prior to entering into the transaction. Where an AC member has an interest (directly or indirectly) in the transaction, he shall abstain from participating in the review of the transaction.

3.10.3 Identification and recording of IPTs

- (a) The Group Financial Controller shall maintain a list of our Directors and Controlling Shareholders and their associates, and disclose the list to the relevant personnel (such as those in charge of sale and procurement functions and other key executives) to enable identification of interested persons. This master list is to be updated immediately if there are any changes, and circulated to the AC and the aforementioned relevant personnel upon the occurrence of any such changes. In addition, the master list of interested persons shall be reviewed on an annual basis by the AC.
- (b) The Group Financial Controller shall obtain signed letters of confirmation from the Controlling Shareholders and Directors twice a year as to their interests in any transaction, whether direct or indirect, with the Group.
- (c) The Group Financial Controller shall maintain a register of all IPTs which will document details, including the bases on which the transactions are entered into, the quotations obtained to support such bases, the rationale for the transactions as well as the credit terms and actual payment periods applicable to the transactions, for review by the AC.

3.10.4 Other review procedures

- (a) The Group Financial Controller shall review the fees in connection with the processing services obtained from Interested Persons on a monthly basis.
- (b) The AC shall review all IPTs, at least on a quarterly basis, to ensure that they are carried out at arm's length basis and on normal commercial terms and in accordance with the procedures outlined above. All relevant non-quantitative factors will also be taken into account. Such review includes the examination of the transaction and its supporting documents or such other data deemed necessary by the AC. The AC shall, when it deems fit, have the rights to require the appointment of independent sources, advisers or valuers to provide additional information pertaining to the transaction under review.

In the event that a member of the AC is interested in any IPTs, he shall abstain from participating in the review of that particular transaction.

- (c) A fresh mandate incorporating new guidelines and review procedures shall be sought from Shareholders if the periodic reviews by the AC show that the existing guidelines and review procedures under the IPT Mandate have become inappropriate and are no longer sufficient to ensure that the IPTs will be conducted on normal commercial terms and will not be prejudicial to the interests of the Group and minority Shareholders. All IPTs shall be reviewed and approved by the AC prior to entry while a fresh mandate is being sought from Shareholders.
- (d) The Group shall, in its annual report, disclose the aggregate value of the IPTs entered into pursuant to the IPT Mandate for the preceding financial year, in accordance with the requirements of Chapter 9 of the Listing Manual.
- (e) The Group shall announce the aggregate value of IPTs entered into pursuant to the IPT Mandate for the financial periods which we are required to report pursuant to Rule 705 of the Listing Manual and within the stipulated time frame for such announcements.

The AC believes that the above guidelines and procedures are sufficient to ensure that the IPTs will be at arms' length and on normal commercial terms, and will not be prejudicial to the interests of the Group and minority Shareholders.

In accordance with Rule 920(1)(b)(viii) of the Listing Manual, Interested Persons and their Associates shall abstain from voting on resolutions approving IPTs involving themselves and the Group. In addition, such Interested Persons shall not act as proxies in relation to such resolutions unless voting instructions have been given by the Shareholder.

The Board will also ensure that all disclosure, approval and other requirements on IPTs, including those required by prevailing legislation, the Listing Manual and relevant accounting standards, are complied with. The AC will also endeavour to comply with the recommendations set out in the Code of Corporate Governance issued by the Corporate Governance Committee.

3.11 Validity Period of the IPT Mandate

If approved at the 2016 AGM, the IPT Mandate will take effect from the date of the passing of the resolution and will (unless revoked or varied by the Company in a general meeting) continue to be in force until the next AGM. The Company will seek the approval of Shareholders for the renewal of the IPT Mandate annually. The renewal of the IPT Mandate shall be subject to satisfactory review by the Audit Committee of the continued requirements of the IPT Mandate and the procedures for the transactions.

3.12 Disclosure to Shareholders

Pursuant to Rule 920(1)(a) of the Listing Manual, the Company will disclose the IPT Mandate and the aggregate value of the Interested Person Transactions conducted pursuant to the IPT Mandate in the annual report of the Company for the current financial year, and in the annual reports for subsequent financial years during which the IPT Mandate is in force. In addition, the Company will announce the aggregate value of the Interested Person Transactions conducted pursuant to the IPT Mandate for the financial periods which it is required to report on (pursuant to Rule 705 of the Listing Manual) within the time required for the announcement of such report. These disclosures will be in the form set out in Rule 907 of the Listing Manual.

3.13 Audit Committee's Statement

The AC has reviewed the terms of the IPT Mandate and is satisfied and of the view that:

- (i) the methods and procedures for determining the transaction prices of the Interested Person Transactions under the IPT Mandate have not changed since the last Shareholder approval at the AGM held on 29 April 2015;
- (ii) the methods and procedures set out in sub-paragraph (i) above as well as the reviews to be made periodically by the AC in relation thereto, are sufficient to ensure that the Interested Person Transactions under the IPT Mandate will be transacted at arm's length basis and on normal commercial terms and will not be on terms or conditions that would be prejudicial to the interests of the Company and/or its minority Shareholders.

However, in the event the AC is subsequently no longer of this view, the Company shall revert to Shareholders for a fresh mandate for the Interested Person Transactions based on new guidelines and/or review procedures.

3.14 Abstention from voting

In accordance with the requirements of Chapter 9 of the Listing Manual, Whitefield Capital Inc., which is owned by Hu Yanping, will abstain, and has undertaken to ensure that its associates (being Hu Yanping and Sun Xiao) will abstain, from voting at the 2016 AGM in respect of the ordinary resolution approving the renewal of the IPT Mandate as they are, in relation to the said transactions, Interested Persons as defined under the Listing Manual. Such persons should also not accept nomination as proxies or otherwise for voting at the 2016 AGM in respect of the aforesaid ordinary resolutions unless specific instructions have been given in the proxy instrument on how the shareholders wish their votes to be cast for each of the ordinary resolutions.

Save as disclosed, none of the Directors or Substantial Shareholders has any interest in the IPT Mandate.

4. SHAREHOLDING INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and the Substantial Shareholders of the Company in the Shares as at the Latest Practicable Date are as set out below:

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Directors				
Sun Xiao	—	—	329,152,241	61.87
Yang Guoqiang	190,000	0.04	—	—
Zhu Wuling	356,000	0.07	—	—
Siow Chee Keong	—	—	—	—
Raymond Ong Sie Hou	400,000	0.08	—	—
Yap Chee Wee	—	—	—	—
Substantial Shareholders				
Whitefield Capital Inc. ⁽²⁾	329,152,241	61.87	—	—
Hu Yanping	—	—	329,152,241	61.87

Notes:

- (1) The above percentages are computed based on the total issued and paid up capital of the Company excluding treasury shares as at the Latest Practicable Date.
- (2) Whitefield Capital Inc. is an investment company incorporated in the BVI and its entire issued and paid-up capital is owned by Hu Yanping. Hu Yanping is deemed interested in all the shares held by Whitefield Capital. Hu Yanping is the mother of Sun Xiao.

5. LIMITS ON SHAREHOLDINGS

The Company does not have any limits on the shareholding of any Shareholder.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors and Controlling Shareholders has any interest, direct or indirect, in the Share Buy-Back Mandate, other than through their respective shareholdings in the Company.

7. DIRECTORS' RECOMMENDATIONS

7.1 Proposed Renewal of the Share Buy-Back Mandate

The Directors, having carefully considered the terms and rationale of the Share Buy-Back Mandate, are of the view that the proposed renewal of the Share Buy-Back Mandate is in the interests of the Group and are not prejudicial to Shareholders as a whole. Accordingly, the Directors recommend that Shareholders vote in favor of the resolution relating to the Share Buy-Back Mandate to be proposed at the 2016 AGM.

7.2 Proposed Renewal of the IPT Mandate for Interested Person Transactions

Having considered, *inter alia*, the terms, rationale and benefits for the proposed renewal of the Shareholders' Mandate for IPTs, the Directors, other than Sun Xiao, who has abstained from making any recommendations, believe that the renewal of the Shareholders' Mandate for IPTs is in the interest of the Company and recommend that Shareholders vote in favour of the resolution relating to the IPT Mandate to be proposed at the 2016 AGM.

8. ANNUAL GENERAL MEETING

The 2016 AGM will be convened on 29 April 2016 at 10 a.m. at Orchard Room, Level 4, Raffles City Convention Centre, 80 Bras Basah Road, Singapore 189560 for the purpose of considering and, if thought fit, passing, with or without any modifications, the resolutions set out in the Notice of AGM. The Notice of AGM and the Proxy Form have been circulated with the Company's 2015 Annual Report on 14 April 2016.

9. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the 2016 AGM and wish to appoint a proxy to attend and vote at the 2016 AGM on their behalf will find attached to the Company's 2015 Annual Report a Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive 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 fixed for the 2016 AGM.

The sending of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the 2016 AGM if he finds that he is able to do so. In such event, the relevant Proxy Form will be deemed to be revoked.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of the Company collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Share Buy-Back Mandate, the IPT Mandate, and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Appendix in its proper form and context.

11. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the annual report of the Company for FY2015 may be inspected at the registered office of the Company at 112 Robinson Road, #12-04 Robinson 112, Singapore 068902, during normal business hours for three (3) months from the date hereof.

Yours faithfully

For and on behalf of the Board of Directors
Sunvic Chemical Holdings Limited
SUN XIAO
Executive Director and Chief Executive Officer

