

SUNVIC CHEMICAL HOLDINGS LIMITED
(Registration Number: 200406502E)

Full Year Financial Statement and Dividend Announcement for the Year Ended 31 December 2019

INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

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

Statement of Comprehensive income

	Q4 2019	Q4 2018	+/(-) %	FY2019	FY2018	+/(-) %
	RMB'000	RMB'000		RMB'000	RMB'000	
Revenue	218,111	139,325	56.5	940,380	1,577,098	(40.4)
Cost of sales	(215,655)	(182,918)	17.9	(934,547)	(1,543,832)	(39.5)
Gross profit/(loss)	2,456	(43,593)	105.6	5,833	33,266	(82.5)
Other operating income	58,521	48,097	21.7	384,862	43,757	779.5
Distribution expenses	535	(13,352)	NM	(4,844)	(37,070)	(86.9)
Administrative expenses	(21,896)	(45,331)	(51.7)	(92,346)	(142,700)	(35.3)
Other operating expenses	4,010	(675,756)	NM	(153,202)	(510,032)	(70.0)
Results from operating activities	43,626	(729,935)	106.0	140,303	(612,779)	122.9
Finance expenses	(10,006)	(13,206)	(24.2)	(48,753)	(73,062)	(33.3)
Profit/(loss) before income tax	33,620	(743,141)	104.5	91,550	(685,841)	113.3
Income tax credit/(expense)	24	8,422	(99.7)	(16)	(600)	(97.3)
Profit/(loss) after taxation from continuing operations	33,644	(734,719)	104.6	91,534	(686,441)	113.3
Discontinued operations						
Profit from discontinued operations, net of tax	-	-	-	20,816	13,045	59.6
Profit/(loss) for the period/year	33,644	(734,719)	104.6	112,350	(673,396)	116.7
Other comprehensive income						
Translation differences relating to financial statements of subsidiaries with functional currencies other than RMB	(231)	(163)	41.7	(41)	809	(105.1)
Total comprehensive profit/(loss) for the period/year	33,413	(734,882)	104.5	112,309	(672,587)	116.7
Attributable to:						
Owners of the Company	33,770	(694,983)	104.9	113,952	(629,869)	118.1
Non-controlling interest	(357)	(39,899)	(99.1)	(1,643)	(42,718)	(96.2)
Total comprehensive profit/(loss) for the period/year	33,413	(734,882)	104.5	112,309	(672,587)	116.7

The following items have been included in arriving at profit before taxation:-

	Q4 2019	Q4 2018	+/(-) %	FY2019	FY2018	+/(-) %
	RMB'000	RMB'000		RMB'000	RMB'000	
Interest income	(702)	(2,356)	(70.2)	(2,452)	(2,593)	(5.4)
Exchange (gain)loss, net	(936)	(1,391)	(32.7)	159	4,921	(96.8)
Gain on disposal of the JV company, Taixing Sunke	-	-	-	(321,412)	-	100.0
Gain on disposal of land use rights	-	(9,429)	(100.0)	-	(9,429)	(100.0)
Depreciation of property, plant and equipment	7,774	43,482	(82.1)	35,828	109,654	(67.3)
Amortisation of land use rights	200	-	100.0	798	1,334	(40.2)
Amortisation of intangible assets	177	191	(7.3)	707	812	(12.9)
Interest paid and payable to banks	10,006	13,206	(24.2)	48,753	80,159	(39.2)
(Reversal)/provision for contingent liabilities on guarantees provided	(42,500)	42,500	(200.0)	(42,500)	42,500	(200.0)
Impairment loss on prepayments and value added tax receivable	5,982	103,576	(94.2)	5,982	103,576	(94.2)
(Reversal)/provision for impairment loss on property, plant and equipment	(10,312)	199,030	(105.2)	(10,312)	199,030	(105.2)
Share of fixed costs, depreciation and amortisation of the JV company, Taixing Sunke	-	54,960	(100.0)	143,628	89,502	60.5
Provision for restoration costs	-	45,573	(100.0)	-	45,573	(100.0)
Provision for severance compensation	-	12,700	(100.0)	-	12,700	(100.0)
Write-down of inventory	1,307	-	100.0	1,307	-	100.0

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

	Group		Company	
	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
Non-current assets				
Property, plant and equipment	306,071	337,767	18	33
Intangible assets	7,178	7,885	-	-
Land use rights	45,515	44,900	-	-
Right-of-use assets	1,139	-	1,139	-
Subsidiaries	-	-	342,623	342,623
Fixed deposits - pledged	-	76,739	-	-
Total non-current assets	359,903	467,291	343,780	342,656
Current assets				
Inventories	24,058	18,544	-	-
Trade and other receivables	612,531	751,708	57,950	53,299
Pledged deposits	404,013	203,431	-	-
Cash and bank balances	384,956	25,434	296	810
	1,425,558	999,117	58,246	54,109
Assets of disposal group classified as held for sale	-	791,883	-	-
	1,425,558	1,791,000	58,246	54,109
Total assets	1,785,461	2,258,291	402,026	396,765
Equity				
Share capital	291,516	291,516	291,516	291,516
Treasury Shares	(1,575)	(1,575)	(1,575)	(1,575)
Reserves	172,894	63,469	61,971	63,885
Total equity attributable to equity holders of the Company	462,835	353,410	351,912	353,826
Non-controlling interests	(124,020)	(122,377)	-	-
Total equity	338,815	231,033	351,912	353,826
Non-current liabilities				
Interest bearing liabilities	-	75,631	-	-
Lease liability	705	-	705	-
Deferred tax liabilities	7,500	7,500	-	-
Total non-current liabilities	8,205	83,131	705	-
Current liabilities				
Trade and other payables	1,039,382	1,104,019	48,923	42,939
Interest-bearing liabilities	397,431	395,740	-	-
Lease liability	486	-	486	-
Contingent liabilities	-	42,500	-	-
Current tax payable	1,142	1,750	-	-
	1,438,441	1,544,009	49,409	42,939
Liabilities of disposed group classified as held for sale	-	400,118	-	-
Total current liabilities	1,438,441	1,944,127	49,409	42,939
Total equity and liabilities	1,785,461	2,258,291	402,026	396,765

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

Amount repayable in one year or less, or on demand

As at 31 December 2019		As at 31 December 2018	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
397,431	-	395,740	-

Amount repayable after one year

As at 31 December 2019		As at 31 December 2018	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
-	-	75,631	-

Details of any collateral

The secured bank borrowings are secured by certain of the Group's leasehold buildings, plant and machinery, land use rights and trade receivables.

Unsecured bank loans are guaranteed by Mdm Hu Yan Ping, Mr and Mrs Sun Xiao, Jiangsu Yinyan Specialty Chemicals Co., Ltd group of companies, in which Mdm Hu Yan Ping and Mr Sun Xiao are deemed to have significant interest.

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

	Q4 2019 RMB'000	Q4 2018 RMB'000	FY2019 RMB'000	FY2018 RMB'000
Operating activities				
Profit/(loss) before income tax from continuing operations	33,620	(743,141)	70,734	(685,841)
Profit from discontinued operations	-	-	20,816	23,052
Profit/(loss) before income tax	33,620	(743,141)	91,550	(662,789)
Adjustments for:				
Interest expense	10,006	13,206	48,753	80,159
Interest income	(702)	(2,356)	(2,452)	(2,593)
Amortisation of intangible assets	177	191	707	812
Amortisation of lease prepayments	200	-	798	1,334
Depreciation of property, plant and equipment	7,774	43,482	35,828	109,654
Gain on disposal of the JV company	-	-	(321,412)	-
Gain on disposal of land use rights	-	(9,429)	-	(9,429)
Gain on disposal of property, plant and equipment	-	(36)	-	(36)
(Reversal)/provision for contingent liabilities on guarantees provided	(42,500)	42,500	(42,500)	42,500
Write-down of inventories	1,307	-	1,307	-
Reversal of doubtful debt provision	-	(80)	-	(80)
Impairment loss on prepayments and value added tax receivable	5,982	103,576	5,982	103,576
(Reversal)/provision for impairment loss on property, plant and equipment	(10,312)	199,030	(10,312)	199,030
Provision for restoration costs	-	45,573	-	45,573
Provision for severance compensation	-	12,700	-	12,700
Unrealised currency translation difference	(231)	(163)	(41)	809
Operating (loss)/profit before working capital changes	5,321	(294,947)	(191,792)	(78,780)
Changes in working capital:				
Inventories	(23,842)	27,379	(6,821)	45,446
Trade and other receivables	418,277	156,574	213,194	(12,327)
Trade and other payables	(287,170)	158,914	(273,172)	443,426
Cash generated from operations	112,586	47,920	(258,591)	397,765
Income taxes refunded/(paid)	581	6,426	(624)	(21,368)
Net cash flows generated from operating activities	113,167	54,346	(259,215)	376,397
Investing activities				
Interest received	702	2,356	2,452	2,593
Purchase of property, plant and equipment	-	-	(12,589)	(36,002)
Proceeds from disposal of the JV company	-	-	875,410	-
Proceeds from disposal of property, plant and equipment	-	978	-	978
Net cash flows generated from/(used in) investing activities	702	3,334	865,273	(32,431)
Financing activities				
Proceeds from bank loans	-	109,370	266,215	631,205
Repayments of bank loans	(100,382)	(136,370)	(340,155)	(943,318)
Interest paid	(10,006)	(13,206)	(48,753)	(80,159)
Deposits pledged	(1,972)	1,623	(123,843)	(99,014)
Net cash flows used in financing activities	(112,360)	(38,583)	(246,536)	(491,286)
Net increase/(decrease) in cash and cash equivalents	1,509	19,097	359,522	(147,320)
Cash and cash equivalents at beginning of the period/year	383,447	54,071	25,434	156,330
Cash and cash equivalents at end of the period/year	384,956	73,168	384,956	9,010

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Changes in Equity - The Group

	Share capital	Treasury shares	Merger reserve	Other reserves	Foreign currency translation reserve	Accumulated profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2019	291,516	(1,575)	(499)	305,600	(15,395)	(226,237)	353,410	(122,377)	231,033
Total comprehensive profit for the period	-	-	-	-	(41)	113,993	113,952	(1,643)	112,309
Disposal of the JV company	-	-	-	(4,527)	-	-	(4,527)	-	(4,527)
At 31 December 2019	291,516	(1,575)	(499)	301,073	(15,436)	(112,244)	462,835	(124,020)	338,815
At 1 January 2018	291,516	(1,575)	(499)	305,600	(16,204)	404,441	983,279	(79,659)	903,620
Total comprehensive loss for the period	-	-	-	-	809	(630,678)	(629,869)	(42,718)	(672,587)
At 31 December 2018	291,516	(1,575)	(499)	305,600	(15,395)	(226,237)	353,410	(122,377)	231,033

Statement of Changes in Equity - The Company

	Share capital	Treasury shares	Accumulated profits	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2019	291,516	(1,575)	63,885	353,826
Total comprehensive loss for the period	-	-	(1,914)	(1,914)
At 31 December 2019	291,516	(1,575)	61,971	351,912
At 1 January 2018	291,516	(1,575)	64,426	354,367
Total comprehensive loss for the period	-	-	(541)	(541)
At 31 December 2018	291,516	(1,575)	63,885	353,826

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the numbers of shares held as treasury shares, if any, against the number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

The Company did not buy back any shares for the financial year ended 31 December 2019. Total number of ordinary shares bought back as at 31 December 2019 amounted to 1,650,000. These shares are held as treasury shares.

	As at 31 December 2019 (‘000)	As at 31 December 2018 (‘000)
Number of issued shares	533,651	533,651
Number of treasury shares	(1,650)	(1,650)
Number of issued shares excluding treasury shares	<u>532,001</u>	<u>532,001</u>

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Company	
	As at 31 December 2019	As at 31 December 2018
Number of shares excluding treasury shares at the end of the year (‘000)	<u>532,001</u>	<u>532,001</u>

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There are no sales, transfers, disposal, and/or use of treasury shares as at end of 31 December 2019.

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

The figures have not been audited or reviewed by our auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in Point 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period and the previous financial year.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees - leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payment (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use ("ROU") asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the ROU asset. Lease liabilities are included as part of net debt and are taken in consideration when deriving the net debt equity ratio.

The Group applied SFRS(I) 16 on 1 January 2019, using the modified retrospective approach. The cumulative effect of adopting SFRS(I) 16 is recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. In compliance with SFRS(I) 16, the Group applied the practical expedient to grandfather the definition of a lease on transition. SFRS(I) 16 will be applied to lease contracts entered before 1 January 2019 and are identified as leases in accordance with SFRS(I) 1-17 and SFRS(I) INT 4.

The adoption of these new/revised SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Q4 2019	Q4 2018	FY2019	FY2018
Earnings per share (RMB cents):-				
Basic and diluted	6.4	(130.6)	21.4	(118.5)
	Q4 2019 RMB'000	Q4 2018 RMB'000	FY2019 RMB'000	FY2018 RMB'000
Basic earnings per share is based on: Net profit/(loss) attributable to ordinary shareholders	34,001	(694,820)	113,993	(630,678)
	Q4 2019 ('000)	Q4 2018 ('000)	FY2019 ('000)	FY2018 ('000)
Weighted average number of ordinary shares outstanding at beginning and end of the year	532,001	532,001	532,001	532,001

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

- (a) Current financial period reported on; and
(b) Immediately preceding financial year.

	Group		Company	
	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
Net assets attributable to the shareholders (RMB'000)	462,835	353,410	351,912	353,826
Net asset value per ordinary share (RMB cents)	87.0	66.4	66.1	66.5
Number of shares at the end of the period ('000)	532,001	532,001	532,001	532,001

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) Any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

As a result of the completion of the transaction on the disposal of JV company, Taixing Sunke, in September 2019, the Group's consolidated financial numbers in for Q3 2019 and FY2019 results announcement did not include the financial numbers of Taixing Sunke. However, the Group's consolidated financial numbers for Q1 and Q2 2019 results announcements included the financial numbers of Taixing Sunke. We refer the non-inclusion of financial numbers of Taixing Sunke for Q3 and Q4 2019 as well as FY2019 as the "De-consolidation".

Revenue

Revenue in FY2019 decreased by RMB636.7 million to RMB940.4 million in FY2019 as compared to RMB1,577.1 million in FY2018. This was mainly due to decrease in revenue from sale of acrylic acid ("AA") and acrylate esters ("AE") by RMB773.9 million which was partially offset by an increase in sale of other chemical products by RMB137.1 million.

The decrease in revenue from AA and AE was mainly attributable to lower sales volume in FY2019 (77,000 tonnes) as compared to FY2018 (178,000 tonnes). This was mainly due to "stop of supply" order implemented against Taixing Jurong by Taixing Sunke resulting in Taixing Sunke stopped supplying AA and AE to the Group.

Gross profit

The Group incurred a gross profit of RMB5.8 million in FY2019 as compared to RMB33.3 million in FY2018. This gross profit was mainly contributed from sale of other chemical products.

Overall gross profit margin decreased from 2.1% in FY2018 to 0.6% in FY2019.

Other operating income

Other operating income included the following items:

	FY2019 RMB'000	FY2018 RMB'000	
Interest income	2,452	1,822	
Gain on disposal of the JV company	321,412	-	(a)
Gain on disposal of land use rights	-	9,429	
Sale of steam and provision of waste water treatment services	-	29,242	(b)
Reversal of contingent liability	42,500	-	(c)
Reversal of impairment provision for property, plant and equipment	10,312	-	(d)
Miscellaneous income	8,186	3,264	
	<u>384,862</u>	<u>43,757</u>	

- (a) This related to gain on disposal of the JV company, Taixing Sunke, to Arkema which was completed in September 2019.
- (b) This income was captured under the JV company and since the JV company was disposed during the year, therefore no such income for 2019.
- (c) This is in relation to the reversal of contingent liability for bank guarantee provided to Bank of China Co., Ltd. (Xiangshui County Branch) ("BOC") in respect of a loan agreement between BOC and Jiangsu Dahe Lyjian Chemical Co., Ltd. ("Dahe") in 2018 as Dahe had settled its loans with its bank subsequent to 2018. Please refer to announcements dated 14 November 2019, 5 March 2020 and 8 September 2020 for more details on guarantee provided to Dahe.
- (d) In FY2019, the Group sold some equipment which was previously impaired, as such the impairment provision relating to the equipment was being reversed.

Distribution expenses

Distribution expenses decreased by RMB32.2 million to RMB4.8 million in FY2019 as compared to RMB37.1 million in FY2018. Distribution expenses consisted of transportation charges and packaging costs as well as other sales related expenses. These expenses decreased mainly due to lower sale volumes in FY2019 as compared to FY2018.

Administrative expenses

Administrative expenses decreased by RMB50.4 million to RMB92.3 million in FY2019 as compared to RMB142.7 million in FY2018. This was mainly due to the cost cutting measures implemented by the Management.

Other operating expenses

Other operating expenses included the following items:

	FY2019 RMB'000	FY2018 RMB'000	
Costs of relating to sale of steam and provision of waste water treatment services	-	25,628	(a)
Impairment loss on property, plant and equipment	-	199,030	(b)
Contingent liabilities on guarantees provided to third parties	-	42,500	(c)
Impairment loss on prepayments	5,982	19,625	
Impairment loss on value-added tax recoverable	-	83,951	(d)
Share of fixed costs, depreciation and amortisation of Taixing Sunke	143,628	89,502	(e)
Restoration and dismantle charges	-	45,573	
Others	3,592	4,223	
	<u>153,202</u>	<u>510,032</u>	

- (a) These costs were captured under the JV company and since the JV company was disposed during the year, therefore no such costs for 2019.
- (b) No impairment loss on property, plant and equipment was made in 2019.
- (c) Please refer to Other Operating Income, Note (c) for the reversal of contingent liability.
- (d) No impairment provision on value added tax receivables was made in 2019.
- (e) This related to Taixing Jurong's share of the fixed costs, depreciation and amortisation incurred by Taixing Sunke as a result of "stop of supply" order implemented against Taixing Jurong. The share of these costs commenced from August 2018 to August 2019.

Finance expenses

Finance expenses decreased by RMB24.3 million to RMB48.8 million in FY2019 as compared to RMB73.1 million in FY2018. This was mainly due to lower outstanding bank borrowings in FY2019 as compared to FY2018.

Income tax expense

Income tax expense decreased by RMB0.6 million to RMB16,000 in FY2019 as compared to RMB0.6 million in FY2018.

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

Balance sheet

Property, plant and equipment decreased by RMB31.7 million to RMB306.1 million as at 31 December 2019 as compared to RMB 337.8 million as at 31 December 2018. This was mainly due to depreciation charge for the year.

Inventories increased by RMB5.5 million to RMB24.1 million as at 31 December 2019 as compared to RMB18.5 million as at 31 December 2018. This was mainly due to inventories received just before year-end which were subsequently sold in 2020.

Breakdown of trade and other receivables is as follows:

	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
Trade receivables:		
- 3 rd parties	38,101	39,323
- Related parties	541,543	542,863
Receivable from joint venture entity	-	76,731
Notes receivables	300	1,168
Value added tax recoverable	4,001	9,539
Prepayments and deposits	8,863	37,604
Other receivables	19,723	44,480
	612,531	751,708

Trade and other receivables decreased by RMB139.2 million to RMB612.5 million as at 31 December 2019 as compared to RMB751.7 million as at 31 December 2018. This was mainly due to decrease in trade receivables from third parties and joint venture entity, as well as value added tax recoverable, deposits, prepayments and other receivables.

The ageing of the trade receivables from third parties amounting to RMB38.1 million is as follows:

	RMB'000
Current	11,435
Past due from 1 to 90 days	3,410
Past due from 91 to 180 days	745
Past due for more than 180 days	22,511
	38,101

Included in the trade receivables from third parties was an amount of RMB21.2 million owed by one distributor, Hangzhou Yinyan Chemical Engineering Co., Ltd. ("Hangzhou Yinyan"), of which an amount of RMB19.1 million was past due for more than 180 days. The Management is of the view that the amount due from Hangzhou Yinyan was collectable as Hangzhou Yinyan has been the Group's distributor for more than 10 years and it is still in active operations.

Breakdown of the trade receivables from related parties of approximately RMB541.5 million is as follows:

	RMB'000
Jiangsu Yinyan	131,356
Yixing Danson	42,198
Taixing Jinyan	359,289
Taixing Cangchu	8,700
	541,543

The ageing of the trade receivables from related parties as at 31 December 2019 is as follows:

	RMB'000
Current	153,213
Past due from 1 to 90 days	246,084
Past due from 91 to 180 days	10,890
Past due for more than 180 days	131,356
	541,543

Jiangsu Yinyan and Taixing Jinyan are taking longer than expected to pay due to credit tightening from their bankers and the expansion of production plants by these companies; thereby resulting in tight cash flows in these companies.

The Audit Committee has previously directed the Company's Management to expedite the collections of the trade receivables from these related parties to minimise our Group's credit exposure. The Audit Committee will continue to actively monitor the collections of the trade receivables from these related parties and will make further recommendations to the Board of Directors as and when appropriate in the best interest of our Group. The Audit Committee has noted that the trade receivables from related party parties have decreased from RMB802.9 million as at 30 September 2019 to RMB541.5 million as at 31 December 2019. There is no interest due or accruing on these overdue trade receivables.

In particular, the trade receivables of RMB131.4 million which were past due for more than 180 days were from Jiangsu Yinyan. The Group is still doing business with Jiangsu Yinyan as the sale and purchases of chemical products to/from Jiangsu Yinyan is essential to the Group's existing trading business in chemical products. In addition, from a broader commercial perspective, it is in the interest of the Group to maintain the existing business relationship with Jiangsu Yinyan to sustain and facilitate the ongoing collection by the Group of the due trade receivables from Jiangsu Yinyan.

Pledged deposits (with financial institutions in the PRC) increased by RMB123.8 million to RMB404.0 million as at 31 December 2019 as compared to RMB280.2 million as at 31 December 2018.

Total non-current and current interest-bearing liabilities owed to PRC banks decreased by RMB73.9 million to RMB397.4 million as at 31 December 2019 as compared to RMB471.4 million as at 31 December 2018. This was mainly due to repayments made during the financial year.

Breakdown of trade and other payables is as follows:

	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
Trade payables:		
- 3rd parties	132,664	438,565
- Related parties	252,645	328,505
Notes payables	508,832	174,410
Accrued operating expenses	21,178	25,634
Provision for restoration	45,573	45,573
Other payables	78,490	91,332
	1,039,382	1,104,019

Trade and other payables decreased by RMB64.6 million to RMB1,039.4 million as at 31 December 2019 as compared to RMB1,104.0 million as at 31 December 2018. This was mainly due to decrease in trade payables to third parties and related parties as well as other payables. These were partially offset by an increase in notes payables. Notes payables increased mainly due to the utilisation of the Group's banking facilities for working capital purposes.

Cash Flow Statement

Our Group generated negative operating cash flow of RMB259.2 million in FY2019 mainly due interest income, dividend income from the JV company, gain on disposal of the JV company, reversal of the contingent liability, reversal of the impairment loss on property, plant and equipment as well as an increase in inventory and a decrease in trade and other payables. These were partially offset by depreciation charge, interest expense as well as a decrease in trade and other receivables.

Financing activities resulted in negative cash flow of RMB246.5 million in FY2019 mainly due to repayments of bank loans, interest paid and an increase in pledged deposits. These were partially offset by proceeds from bank loans.

There was a net cash inflow of RMB865.3 million in FY2019 from the Group's investing activities mainly due to dividend income from the JV company, interest income and proceeds from disposal of the JV company. These were partially offset by purchase of property, plant and equipment during the year.

As a result of the above, cash and cash equivalents increased from RMB25.4 million as at 31 December 2018 to RMB385.0 million as at 31 December 2019.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

-

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

As mentioned in our previous announcement, our Xiangshui plant remains shutdown under the directive from the local government. The disposal of our joint venture company, Taixing Sunke, was completed in September 2019.

The Management is currently evaluating market situations and options available. Updates will be provided accordingly in due course.

Please refer, amongst others, to the following announcements in particular on a series of material events announced from September 2019 until to-date:

Date	Title
27/09/2019	Asset Acquisitions and Disposals: Update on the Proposed Disposal of 45% Equity Interest in Taixing Sunke Chemicals Co., Ltd
2/10/2019	General Announcement: Loans obtained by the Company's Wholly-Owned Subsidiaries
25/10/2019	General Announcement: Update in respect of Loans obtained by the Company's Wholly-Owned Subsidiaries
7/11/2019	General Announcement: Special Audit Report on Letters of Demand received by the Company's Wholly-Owned Subsidiaries
14/11/2019	Change - Announcement of Cessation: Resignation of Executive Director and CEO - Sun Xiao
14/11/2019	Announcement in Relation to Regulatory Actions by SGX and/or Other Authorities: Special Audit Report on Letters of Demand received by the Company's Wholly-Owned Subsidiaries
2/12/2019	Change - Announcement of Cessation: Resignation of Executive Director - Yang Guoqiang
18/12/2019	General Announcement: Resignation of Company Secretary
20/12/2019	General Announcement: Update in respect of Loans obtained by the Company's Wholly-Owned Subsidiaries
6/2/2020	Regulatory Actions by SGX: Notice of Compliance
7/2/2020	Announcement in Relation to Regulatory Actions by SGX and/or Other Authorities: Notice of Compliance: Requirement to Perform Quarterly Reporting of Unaudited Financial Statements
28/2/2020	Change - Announcement of Cessation: Resignation of Executive Director
28/2/2020	Change - Announcement of Appointment: Announcement of Appointment of Executive Director and Chief Executive Officer
5/3/2020	General Announcement: Reversal of Contingent Liabilities in relation to the Corporate Guarantee
5/3/2020	General Announcement: Update in respect of Loans obtained by the Company's Wholly-Owned Subsidiaries
19/3/2020	Asset Acquisitions and Disposals: Update Announcement on the Proposed Disposal of Jiangsu Jurong Petrochemicals Co., Ltd
20/3/2020	Financial Statements and Related Announcement: Auditor's Comments of Accounts

The Audit Committee is actively working with the newly appointed CEO to explore feasible solutions relating to the various issues as follows:

- (a) the preparation and the release of the Group's financial statements and annual reports for the relevant financial periods as soon as possible;
- (b) the repayment of the Group's borrowings as mentioned and discussed at Point 1(b)(ii) above;
- (c) the collection of the Group's trade receivables from related parties as mentioned and discussed at Point 8(b) above;
- (d) the resolution of the issues pertaining to the proposed disposal by the Company's wholly owned subsidiary, Jiangsu Jurong Chemical Co., Ltd and the Company's associated company, SunVic Asia Pacific Investments Holdings Pte. Ltd. of the entire equity interest in Jiangsu Jurong Petrochemical Co., Ltd ("JJP") to Shenzhen Qianhai Gatsway Petrochemical Co., Ltd, including the application for the relevant government approvals/ permits required for the proposed modification of JJP's production plants by Shenzhen Qianhai Gatsway Petrochemical Co., Ltd pursuant to the framework agreement entered into between the aforementioned parties dated 4 July 2016; and
- (e) referring to the Company's announcement on 14 November 2019 and 5 March 2020 (the "Corporate Guarantee Announcements"), the resolution of the issues identified in the Special Audit (as defined in the Corporate Guarantee Announcements).

The Company will keep the shareholders updated on any material developments on the abovementioned issues.

COVID-19

The outbreak of the COVID-19 pandemic in early 2020 has been unfortunate. While the COVID-19 situation has not resulted in the shutdown of the operations of the Group's existing business in the trading of chemical products, the Group's trading business has been severely affected particularly during the lockdown period in the PRC.

The Management expects the operating environment to remain challenging given the uncertainties surrounding the current COVID-19 situation and its impact on the market demand and supply of chemical products. As represented by the Management, the Management has been working closely with all parties involved to ensure all contractual obligations are fulfilled and complied with under the current COVID-19 situation. Depending on the developments on the COVID-19 situation and the market conditions, the Management will work closely with the Board to assess possible options to improve the Group's financial positions and whether any changes to the Group's business plans are required.

The Group's existing business in the trading of chemical products is based in the PRC which are governed by the PRC government according to the respective locations where our subsidiary companies operate. There are no budgetary support measures provided by the PRC government in respect of the Group's trading business in the PRC. The Group is in compliance with the COVID-19 restrictions implemented by the relevant authorities including those implemented by the PRC government authorities, and the Management has been working closely with the Board to address the logistical and operational challenges arising from these COVID-19 restrictions to ensure that the Group continues to operate as a going concern.

The Company will continue to keep the shareholders updated on any material developments in the Group's financial situation.

11. Dividend

(a) Current Financial Period Reported On

No dividend has been declared or recommended.

(b) Corresponding Period of the Immediately Preceding Financial Year

No dividend has been declared or recommended in FY2018.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect.

No dividend has been declared or recommended.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

The Group has four 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 CEO reviews internal management reports for each of the strategic business units on at least quarterly basis. The four reportable segments are:

- AA and AE - manufacture and sale of acrylic acid ("AA") and acrylate esters ("AE");
- PMIDA and glyphosate - manufacture and sale of N-(phosphonomethyl) Iminodiacetic Acid ("PMIDA") and glyphosate;
- • MTBE and Petroleum related products; and
- • Others - purchase and sale of other chemical products.

Information regarding the results of each reportable segments 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. Inter-segment pricing is determined on an arm's length basis.

	AA and AE		PMIDA and glyphosate		MTBE and petroleum related products		Others		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
External revenues	499,847	1,273,713	-	-	-	-	440,533	303,385	940,380	1,577,098
Interest income	-	-	-	-	-	-	2,452	1,822	2,452	1,822
Interest expense	(25,914)	(59,007)	-	-	-	-	(22,839)	(14,055)	(48,753)	(73,062)
Depreciation and amortisation	28,884	95,013	-	-	6,940	16,475	4	312	35,828	118,000
Reversal/(Impairment loss) on property, plant and equipment	10,312	(63,030)	-	-	-	(136,000)	-	-	10,312	(199,030)
Reversal/ (Provision) on contingent liabilities	-	-	-	-	-	-	42,500	(42,500)	42,500	(42,500)
Provision for severance compensation	-	(12,700)	-	-	-	-	-	-	-	(12,700)
Restoration and dismantle charges	-	(45,573)	-	-	-	-	-	-	-	(45,573)
Impairment loss on value-added tax recoverable	-	-	-	-	-	(83,951)	-	-	-	(83,951)
Impairment loss on prepayment	(5,982)	(19,625)	-	-	-	-	-	-	(5,982)	(19,625)
Reportable segment profit/(loss) before income tax										
- Continuing Operation	179,509	(346,017)	-	-	-	(239,861)	(87,959)	(99,963)	91,550	(685,841)
- Discontinued Operation	-	23,052	-	-	-	-	-	-	-	23,052
Reportable segment assets										
- Continuing Operation	1,706,402	1,358,720	-	-	28,284	35,691	50,775	71,997	1,785,461	1,466,408
- Discontinued Operation	-	791,883	-	-	-	-	-	-	-	791,883
Reportable segment liabilities										
- Continuing Operation	1,264,078	1,416,972	-	-	17,176	21,189	165,392	188,979	1,446,646	1,627,140
- Discontinued Operation	-	400,118	-	-	-	-	-	-	-	400,118
Capital Expenditure	343	6,734	-	-	-	-	-	95	343	6,829

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items are as follows:

	2019 RMB'000	2018 RMB'000
Revenues		
Total revenue for reportable segments	499,847	1,273,713
Other revenue	440,533	303,385
Consolidated revenue	<u>940,380</u>	<u>1,577,098</u>
Profit or loss		
Total profit (loss) for reportable segments	179,509	(585,878)
Other loss	(87,959)	(99,963)
Consolidated profit (loss) before income tax	<u>91,550</u>	<u>(685,841)</u>
Assets		
Total assets for reportable segments	1,734,686	2,186,294
Other assets	50,775	71,997
Consolidated assets	<u>1,785,461</u>	<u>2,258,291</u>
Liabilities		
Total liabilities for reportable liabilities	1,281,254	1,838,279
Other liabilities	165,392	188,979
Consolidated liabilities	<u>1,446,646</u>	<u>2,027,258</u>

Segmental information is presented in respect of the Group's geographical segments. In presenting information on the basis of geographical segments and 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
2019						
Revenue from external customers	929,485	3,716	40	6,143	996	940,380
Non-current assets	346,188	-	-	12,577	-	358,765
Capital expenditure	343	-	-	-	-	343
2018						
Revenue from external customers	1,526,336	14,274	5,652	26,161	4,675	1,577,098
Non-current assets	378,180	-	-	12,372	-	390,552
Capital expenditure	6,829	-	-	-	-	6,829

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to Point 8 above.

15. A breakdown of sales

	2019 RMB'000	2018 RMB'000	+/(-) %
Sales reported for the first half year	431,832	1,300,498	(66.8)
Operating loss after taxation but before minority interests reported for the first half year	(175,376)	(87,270)	101.0
Sales reported for the second half year	508,548	276,600	83.9
Operating loss after taxation but before minority interests reported for the second half year	287,726	(586,126)	(149.1)

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

No dividend has been declared or recommended in FY2019 and FY2018.

17. Interested Person Transactions

Pursuant to Rule 920(1)(a)(ii) of the Listing Manual, the Group discloses the aggregate value of interested person transactions as follows:

Name of Interested Person	Aggregate value of all interested person transactions during financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)⁽¹⁾	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Yixing Danson Technology Co., Ltd ("Yixing Danson")	Corporate guarantees in favour of Yixing Danson - RMB375,000,000 Sale of crude AA to Yixing Danson - RMB259,078,000 Purchase of residual crude AA and finished goods from Yixing Danson - RMB4,383,000	-
Taixing Jinyan Chemical Technology Co., Ltd ("Taixing Jinyan")	Corporate guarantees in favour of Taixing Jinyan - RMB743,000,000 Purchase of chemical products from Taixing Jinyan - RMB296,759,000 Sale of AA and other chemical products to Taixing Jinyan - RMB145,211,000 Rental income from Taixing Jinyan - RMB3,600,000	-
Taixing Jinyan Cangchu Co., Ltd. ("Taixing Cangchu")	Corporate guarantees in favour of Taixing Cangchu - RMB260,000,000	-
Jiaying Jinyan Chemical Co., Ltd ("Jiaying Jinyan")	Corporate guarantees in favour of Jiaying Jinyan - RMB20,000,000	-

Name of Interested Person	Aggregate value of all interested person transactions during financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) ⁽¹⁾	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Jiangsu Yinyan Specialty Chemical Co., Ltd ("Jiangsu Yinyan")	Sales of chemical products to Jiangsu Yinyan - RMB67,000 Purchase of chemical products from Jiangsu Yinyan - RMB5,238,000	-

Note:

As at 31 December 2019, the Management represented that the aggregate amount of the corporate guarantees that the Group provided to Yixing Danson, Taixing Jinyan, Jiaying Jinyan and Taixing Cangchu was approximately RMB1,398,000,000 (2018: RMB1,613,000,000), whilst the aggregate amount of corporate guarantees that these same entities provided to the Group was approximately RMB739,900,000 (2018: RMB887,400,000).

The relevant details on all IPT (excluding transactions less than S\$100,000, transactions conducted under shareholders mandate pursuant to Rule 920 and corporate guarantees) during the financial period under review as required under Rule 917 of the Listing Manual are as follows:

Interested Person	Nature of Interested Person Transaction ("IPT")	Value of IPT for the period as at 31 December 2019	Terms of IPT	Rationale for IPT
Yixing Danson Technology Co., Ltd ("Yixing Danson")	Sale of crude AA	RMB259.1 million	Normal commercial terms	Sales of the Group's end products to downstream customer
	Purchase of residual crude AA and finished goods	RMB4.4 million	Normal commercial terms	Purchase residual crude AA to recycle and reprocess to the Group's end products as well as purchase finished goods to on-sell to the Group's customers
Taixing Jinyan Chemical Technology Co., Ltd ("Taixing Jinyan")	Purchase of chemical products	RMB296.8 million	Normal commercial terms	On-sell to the Group's customers for products not produced by the Group
	Sale of AA and other chemical products	RMB145.2 million	Normal commercial terms	Sales of the Group's end products and on-sell products not produced by the Group to downstream customer
Jiangsu Yinyan Specialty Chemical Co., Ltd ("Jiangsu Yinyan")	Sales of chemical products	RMB67,000	Normal commercial terms	Sales of the Group's end products to distributor
	Purchase of chemical products	RMB5.2 million	Normal commercial terms	On-sell to the Group's customers for products not produced by the Group

18. The Company confirms that all the required undertakings under Rule 720(1) of the Listing Manual have been obtained from its Directors and Executive Officers in the format set out in Appendix 7.7.

19. Report of persons occupying managerial positions who are related to a Director, Chief Executive Director or substantial shareholder

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, we confirm that none of the persons occupying managerial positions in Sunvic Chemical Holdings Ltd (the "Company") or any of its principal subsidiaries is a relative of a director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Sun Lihua
Executive Director and Chief Executive Officer
17 September 2020