

SUNVIC CHEMICAL HOLDINGS LIMITED
(Registration Number: 200406502E)

Full Year Financial Statement and Dividend Announcement for the Year Ended 31 December 2017

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 2017	Q4 2016	+/(-) %	FY2017	FY2016	+/(-) %
	RMB'000	RMB'000		RMB'000	RMB'000	
Revenue	605,531	720,956	(16.0)	2,246,712	2,133,553	5.3
Cost of sales	(592,748)	(654,365)	(9.4)	(2,023,780)	(2,063,433)	(1.9)
Gross profit	12,783	66,591	(80.8)	222,932	70,120	217.9
Other operating income	17,642	27,803	(36.5)	45,720	168,202	(72.8)
Distribution expenses	14,356	(3,414)	520.5	(42,772)	(36,205)	18.1
Administrative expenses	(32,315)	(56,103)	(42.4)	(122,165)	(172,967)	(29.4)
Other operating expenses	(14,741)	(37,155)	(60.3)	(39,239)	(245,703)	(84.0)
Results from operating activities	(2,275)	(2,278)	(0.1)	64,476	(216,553)	(129.8)
Finance expenses	(13,883)	(17,065)	(18.6)	(81,618)	(78,682)	3.7
Loss before income tax	(16,158)	(19,343)	(16.5)	(17,142)	(295,235)	(94.2)
Income tax credit/(expense)	1,487	(66,616)	102.2	(5,721)	(69,570)	(91.8)
Loss for the period/year	(14,671)	(85,959)	(82.9)	(22,863)	(364,805)	(93.7)
Other comprehensive income						
Translation differences relating to financial statements of subsidiaries with functional currencies other than RMB	(159)	59	(369.5)	(574)	349	(264.5)
Total comprehensive loss for the period/year	(14,830)	(85,900)	(82.7)	(23,437)	(364,456)	(93.6)
Attributable to:						
Owners of the Company	(12,017)	(79,704)	(84.9)	(20,896)	(341,140)	(93.9)
Non-controlling interest	(2,813)	(6,196)	(54.6)	(2,541)	(23,316)	(89.1)
Total comprehensive loss for the period/year	(14,830)	(85,900)	(82.7)	(23,437)	(364,456)	(93.6)

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

	Q4 2017	Q4 2016	+/(-) %	FY2017	FY2016	+/(-) %
	RMB'000	RMB'000		RMB'000	RMB'000	
Interest income	(1,152)	(264)	336.4	(3,988)	(2,662)	49.8
Exchange (gain)loss, net	(6,609)	6,844	(196.6)	(4,187)	13,697	130.6
Depreciation of property, plant and equipment	56,520	20,398	177.1	151,854	142,590	6.5
Amortisation of land use rights	222	329	(32.5)	1,390	1,376	1.0
Amortisation of intangible assets	325	241	34.9	788	766	2.9
Interest paid and payable to banks	13,883	17,065	(18.6)	81,618	78,682	3.7
Allowance for written-down of inventories	-	2,588	(100.0)	-	2,588	(100.0)
Reversal of write-down of inventories	-	-	-	(2,588)	(13,697)	(81.1)
Gain on disposal of property, plant and equipment	-	(668)	(100.0)	-	(668)	(100.0)
Impairment loss on property, plant and equipment	-	-	-	-	178,527	(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 2017 RMB'000	As at 31 December 2016 RMB'000	As at 31 December 2017 RMB'000	As at 31 December 2016 RMB'000
Non-current assets				
Property, plant and equipment	1,135,353	1,206,559	-	-
Intangible assets	10,056	9,915	-	-
Land use right	58,375	48,772	-	-
Subsidiaries	-	-	342,623	342,623
Deferred tax asset	24,430	24,430	-	-
Prepayments	6,027	-	-	-
Value-added tax recoverable	84,931	86,380	-	-
	<u>1,319,172</u>	<u>1,376,056</u>	<u>342,623</u>	<u>342,623</u>
Current assets				
Inventories	109,134	81,893	-	-
Non-current assets held for sale	-	12,532	-	-
Trade and other receivables	954,949	990,299	46,996	45,283
Pledged deposits	197,579	65,709	-	-
Cash and bank balances	157,324	196,507	306	1,036
	<u>1,418,986</u>	<u>1,346,940</u>	<u>47,302</u>	<u>46,319</u>
Total assets	<u>2,738,158</u>	<u>2,722,996</u>	<u>389,925</u>	<u>388,942</u>
Equity				
Share capital	291,516	291,516	291,516	291,516
Reserves	691,763	712,659	62,851	65,151
Total equity attributable to equity holders of the Company	<u>983,279</u>	<u>1,004,175</u>	<u>354,367</u>	<u>356,667</u>
Non-controlling interest	<u>(79,659)</u>	<u>(77,118)</u>	<u>-</u>	<u>-</u>
Total equity	<u>903,620</u>	<u>927,057</u>	<u>354,367</u>	<u>356,667</u>
Non-current liabilities				
Interest bearing liabilities	228,631	180,000	-	-
Deferred tax liabilities	7,500	7,500	-	-
Total non-current liabilities	<u>236,131</u>	<u>187,500</u>	<u>-</u>	<u>-</u>
Current liabilities				
Trade and other payables	877,483	645,956	35,558	32,275
Interest-bearing liabilities	707,853	957,300	-	-
Current tax payable	13,071	5,183	-	-
Total current liabilities	<u>1,598,407</u>	<u>1,608,439</u>	<u>35,558</u>	<u>32,275</u>
Total equity and liabilities	<u>2,738,158</u>	<u>2,722,996</u>	<u>389,925</u>	<u>388,942</u>

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 2017		As at 31 December 2016	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
-	707,853	14,568	942,732

Amount repayable after one year

As at 31 December 2017		As at 31 December 2016	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
228,631	-	180,000	-

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 2017 RMB'000	Q4 2016 RMB'000	FY2017 RMB'000	FY2016 RMB'000
Operating activities				
Loss before income tax	(16,158)	(19,343)	(17,142)	(295,235)
Adjustments for:				
Interest expense	13,883	17,065	81,618	78,682
Interest income	(1,152)	(264)	(3,988)	(2,662)
Amortisation of intangible assets	325	241	788	766
Amortisation of lease prepayments	222	329	1,390	1,376
Depreciation of property, plant and equipment	56,520	20,398	151,854	142,590
Gain on disposal of property, plant and equipment	-	(668)	-	(668)
Allowance for written-down of inventories	-	2,588	-	2,588
Reversal of write-down of inventories	-	-	(2,588)	(13,697)
Impairment loss on property, plant and equipment	-	-	-	178,527
Unrealised currency translation difference	(159)	59	(574)	349
Operating profit before working capital changes	53,481	20,405	211,358	92,616
Changes in working capital:				
Inventories	98,419	19,129	(24,653)	62,502
Trade and other receivables	77,288	(25,739)	30,772	519,702
Trade and other payables	(52,548)	(18,884)	317,620	(358,713)
Cash generated from/(used in) operations	176,640	(5,089)	535,097	316,107
Income taxes refunded/(paid)	7,920	849	2,167	(7,227)
Net cash flows generated from/(used in) operating activities	184,560	(4,240)	537,264	308,880
Investing activities				
Interest received	1,152	264	3,988	2,662
Purchase of property, plant and equipment	(38,656)	42,218	(165,202)	(82,770)
Purchase of intangible assets	(814)	-	(929)	(335)
Proceeds from disposal of property, plant and equipment	-	-	-	24,460
Net cash flows (used in)/ generated from investing activities	(38,318)	42,482	(162,143)	(55,983)
Financing activities				
Proceeds from bank loans	283,584	394,972	1,384,746	2,112,157
Repayments of bank loans	(265,123)	(446,076)	(1,585,562)	(2,386,825)
Interest paid	(13,883)	(17,065)	(81,618)	(78,682)
Deposits pledged	(86,087)	9,889	(131,870)	118,225
Net cash flows used in financing activities	(81,509)	(58,280)	(414,304)	(235,125)
Net increase/(decrease) in cash and cash equivalents	64,733	(20,038)	(39,183)	17,772
Cash and cash equivalents at beginning of the period/year	92,591	216,545	196,507	173,553
Effect of exchange rate changes	-	-	-	5,182
Cash and cash equivalents at end of the period/year	157,324	196,507	157,324	196,507

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 2017	291,516	(1,575)	(499)	305,600	(15,630)	424,763	1,004,175	(77,118)	927,057
Total comprehensive income for the year	-	-	-	-	(574)	(20,322)	(20,896)	(2,541)	(23,437)
At 31 December 2017	<u>291,516</u>	<u>(1,575)</u>	<u>(499)</u>	<u>305,600</u>	<u>(16,204)</u>	<u>404,441</u>	<u>983,279</u>	<u>(79,659)</u>	<u>903,620</u>
At 1 January 2016	291,516	(1,575)	(499)	305,600	(15,979)	766,252	1,345,315	(53,802)	1,291,513
Total comprehensive income for the year	-	-	-	-	349	(341,489)	(341,140)	(23,316)	(364,456)
At 31 December 2016	<u>291,516</u>	<u>(1,575)</u>	<u>(499)</u>	<u>305,600</u>	<u>(15,630)</u>	<u>424,763</u>	<u>1,004,175</u>	<u>(77,118)</u>	<u>927,057</u>

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 2017	291,516	(1,575)	66,726	356,667
Total comprehensive income for the year	-	-	(2,300)	(2,300)
At 31 December 2017	<u>291,516</u>	<u>(1,575)</u>	<u>64,426</u>	<u>354,367</u>
At 1 January 2016	291,516	(1,575)	68,148	358,089
Total comprehensive income for the year	-	-	(1,422)	(1,422)
At 31 December 2016	<u>291,516</u>	<u>(1,575)</u>	<u>66,726</u>	<u>356,667</u>

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 2017. Total number of ordinary shares bought back as at 31 December 2017 amounted to 1,650,000. These shares are held as treasury shares.

	As at 31 December 2017 (‘000)	As at 31 December 2016 (‘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 2017	As at 31 December 2016
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 2017.

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.**

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.**

Please refer to Point 4 above.

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 2017	Q4 2016	FY2017	FY2016
Earnings per share (RMB cents):-				
Basic and diluted	(2.3)	(15.0)	(3.8)	(64.2)
	Q4 2017 RMB'000	Q4 2016 RMB'000	FY2017 RMB'000	FY2016 RMB'000
Basic earnings per share is based on:				
Net loss attributable to ordinary shareholders	(12,176)	(79,645)	(20,322)	(341,489)
	Q4 2017 ('000)	Q4 2016 ('000)	FY2017 ('000)	FY2016 ('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 2017	As at 31 December 2016	As at 31 December 2017	As at 31 December 2016
Net assets attributable to the shareholders (RMB'000)	983,279	1,004,175	354,367	356,667
Net asset value per ordinary share (RMB cents)	184.8	188.8	66.6	67.0
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

Revenue

Revenue in FY2017 increased by RMB113.2 million to RMB2,246.7 million as compared to RMB2,133.6 million in FY2016. This was mainly due to increase in revenue from sale of acrylic acid ("AA") and acrylate esters ("AE") as well as other chemical products by RMB39.3 million and RMB85.5 million respectively, which were partially offset by a decrease in revenue from sale of PMIDA & glyphosate by RMB11.7 million.

The increase in revenue from AA and AE was mainly attributable to higher average selling prices in FY2017 of RMB7,700 per tonne when compared to FY2016 of RMB6,000. This was partially offset by lower sale volume in FY2017 of 235,000 tonnes compared to 255,000 tonnes in FY2016.

Gross profit

The Group incurred a gross profit of RMB222.9 million in FY2017 as compared to RMB70.1 million in FY2016. Sale of AA and AE as well as other chemical products contributed gross profit of RMB201.6 million and RMB21.3 million respectively in FY2017.

Overall gross profit margin improved from 3.3% in FY2016 to 9.9% in FY2017. This was mainly due to higher average selling prices for AA and AE in FY2017. Gross profit margin for sale of AA and AE stood at 11.6% in FY2017 compared to 3.5% in FY2016.

Other operating income

Other operating income included the following items:-

	FY2017 RMB'000	FY2016 RMB'000	
Gain on agreement of new terms on the joint venture with Arkema	-	100,000	(a)
Interest income	3,988	2,662	
Sale of propylene and crude residuals	-	6,154	(b)
Sale of steam and provision of waste water treatment services	34,479	36,017	(c)
Others	7,253	23,369	
	<u>45,720</u>	<u>168,202</u>	

- (a) In Q2 2016, the Group recognised a gain of RMB100.0 million after agreement with Arkema on the new shareholding structure and other terms on the joint venture with Arkema.
- (b) We have ceased the sale of propylene and other crude residuals to the joint venture entity in FY2017 as the joint venture entity had taken over the procurement of its own raw materials.
- (c) This related to sale of steam and provision of waste water treatment services provided by the joint venture entity.

Distribution expenses

Distribution expenses increased by RMB6.6 million to RMB42.8 million in FY2017 as compared to RMB36.2 million in FY2016. Distribution expenses consisted of transportation charges and packaging costs as well as other sales related expenses. These expenses increased mainly due to (i) higher freight rates due to stricter transportation regulations on transporting of dangerous chemical products; and (ii) incurrence of additional freight charges to transport crude acrylic acid from our joint venture company in Taixing to our acrylate ester plants in Xiangshui for processing the crude AA into AE.

In Q4 2017, there was a reversal of accrual of freight charges due to re-negotiation of freight rates with carriers resulting in an income for distribution expenses.

Administrative expenses

Administrative expenses decreased by RMB50.8 million to RMB122.2 million in FY2017 as compared to RMB173.0 million in FY2016. This was mainly due to the efforts from the Management to cut costs.

Other operating expenses

Other operating expenses included the following items:-

	FY2017 RMB'000	FY2016 RMB'000	
Impairment loss on property, plant and equipment	-	178,527	(a)
Costs of propylene and crude residuals	-	7,351	(b)
Costs of relating to sale of steam and provision of waste water treatment services	28,496	30,789	
Others	10,743	29,036	
	<u>39,239</u>	<u>245,703</u>	

(a) In FY2016, the Group made an impairment loss on property, plant and equipment, no such impairment was made in FY2017. Subject to confirmation by an independent valuer, no such impairment was made in FY2017.

(b) We have ceased the sale of propylene and other crude residuals to the joint venture entity in FY2017 as the joint venture entity had taken over the procurement of its own raw materials.

Finance expenses

Finance expenses increased by RMB2.9 million to RMB81.6 million in FY2017 as compared to RMB78.7 million in FY2016.

Income tax expense

Income tax expense decreased by RMB63.8 million to RMB5.7 million in FY2017 as compared to RMB69.6 million in FY2016. This was mainly due to recognition of income tax in FY2016 due to adjustments made on the taxes receivable and deferred tax assets which were brought forward from prior years.

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 RMB71.2 million to RMB1,135.3 million as at 31 December 2017 compared to RMB1,206.6 million as at 31 December 2016. This was mainly due to depreciation charge for the period which was partially offset by additional of property, plant and equipment relating to the new equipment and modifications under the Xiangshui plant.

Inventories increased by RMB27.2 million to RMB109.1 million as at 31 December 2017 compared to RMB81.9 million as at 31 December 2016. This was mainly due to additional stocking of raw material, as our AA plant in Xiangshui re-commenced production in September 2017 after completion of modifications.

Breakdown of trade and other receivables is as follows:-

	As at 31 December 2017 RMB'000	As at 31 December 2016 RMB'000
Trade receivables:		
- 3 rd parties	120,246	200,531
- Related parties	486,177	349,317
Receivable from joint venture entity	119,683	239,390
Notes receivables	102,139	65,423
Value added tax recoverable	50,986	79,891
Prepayments, deposits and advances	40,657	21,084
Other receivables	35,061	34,663
	954,949	990,299

Trade and other receivables decreased by RMB35.4 million to RMB954.9 million as at 31 December 2017 as compared to RMB990.3 million as at 31 December 2016. This was mainly due to decrease in receivables due from 3rd parties and joint venture entity as well as value added tax recoverable. These were partially offset by increase in receivables due from related parties and notes receivables.

Breakdown of the trade receivables from related parties of approximately RMB486.2 million is as follows:-

	RMB'000
Jiangsu Yinyan	78,513
Yixing Danson	86,332
Taixing Jinyan	250,684
Arkema group of companies	70,648
	486,177

The ageing of the trade receivables from related parties as at 31 December 2017 is as follows:-

	RMB'000
Current	279,222
Past due from 1 to 90 days	136,729
Past due from 91 to 180 days	29,344
Past due for more than 180 days	40,882
	486,177

Jiangsu Yinyan, Yixing Danson 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 Company's Management continues to monitor the repayments from these related parties and their cash flow situation closely to minimise our Group's credit exposure.

Pledged deposits increased by RMB131.9 million to RMB197.6 million as at 31 December 2017 compared to RMB65.7 million as at 31 December 2016. This was mainly due to deposits pledged for issuance of notes payables in 2017.

Total non-current and current interest-bearing liabilities decreased by RMB200.8 million to RMB936.5 million as at 31 December 2017 compared to RMB1,137.3 million as at 31 December 2016. This was mainly due to repayments made in FY2017.

Breakdown of trade and other payables is as follows:-

	As at 31 December 2017 RMB'000	As at 31 December 2016 RMB'000
Trade payables:		
- 3rd parties	321,195	386,070
- Related parties	58,288	14,072
Payable to joint venture entity	118,698	130,406
Notes payables	282,578	-
Accrued operating expenses	36,903	42,537
Other payables	59,821	72,871
	877,483	645,956

Trade and other payables increased by RMB231.5 million to RMB877.5 million as at 31 December 2017 compared to RMB646.0 million as at 31 December 2016. This was mainly due to an increase in notes payables for purchase of inventories.

Cash Flow Statement

Our Group generated positive operating cash flow of RMB537.3 million in FY2017 mainly due to depreciation charge, interest expense as well as a decrease in trade and other receivables and an increase in trade and other payables. These were partially offset by interest income, a reversal of write-down of inventories and an increase in inventories.

Financing activities resulted in negative cash flow of RMB414.3 million in FY2017 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 outflow of RMB162.1 million in FY2017 from the Group's investing activities mainly due to purchase of property, plant and equipment as well as intangible assets in FY2017. This was partially offset by interest received.

As a result of the above, cash and cash equivalents decreased from RMB196.5 million as at 31 December 2016 to RMB157.3 million as at 31 December 2017.

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.**

The operating environment of AA industry remains challenging due to the current oversupply situation in the PRC. The prices of our products remain volatile, we remain cautious on the Group's overall performance in the next 12 months.

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 FY2016.

(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 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	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
External revenues	1,736,539	1,697,217	-	11,684	-	-	510,173	424,652	2,246,712	2,133,553
Interest income	-	-	-	-	-	-	3,988	2,662	3,988	2,662
Interest expense	(63,085)	(62,591)	-	(431)	-	-	(18,533)	(15,660)	(81,618)	(78,682)
Depreciation and amortisation	(117,116)	(83,337)	(9,376)	(9,585)	(26,825)	(50,963)	(715)	(847)	(154,032)	(144,732)
Impairment loss on property, plant and equipment	-	(85,865)	-	-	-	(92,662)	-	-	-	(178,527)
Reportable segment (loss)/profit before income tax	52,846	(155,309)	(9,376)	(9,410)	(26,825)	(143,625)	(26,401)	21,098	(9,756)	(287,246)
Reportable segment assets	2,264,262	2,164,323	5,202	18,800	205,553	359,128	263,141	180,745	2,738,158	2,722,996
Capital expenditures	73,897	67,413	-	-	-	582	-	-	73,897	67,995
Reportable segment liabilities	1,724,574	1,719,165	-	-	22,225	24,863	87,739	51,911	1,834,538	1,795,939

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

	2017 RMB'000	2016 RMB'000
Revenues		
Total revenue for reportable segments	1,736,539	1,708,901
Other revenue	510,173	424,652
Consolidated revenue	<u>2,246,712</u>	<u>2,133,553</u>
Profit or loss		
Total loss for reportable segments	16,645	(308,344)
Other profit	(26,401)	21,098
	<u>(9,756)</u>	<u>(287,246)</u>
Unallocated amounts:		
- Other corporate expenses	(7,386)	(7,989)
Consolidated loss before income tax	<u>(17,142)</u>	<u>(295,235)</u>
Assets		
Total assets for reportable segments	2,475,017	2,542,251
Other assets	263,141	180,745
Consolidated assets	<u>2,738,158</u>	<u>2,722,996</u>
Liabilities		
Total liabilities for reportable liabilities	1,746,799	1,744,028
Other liabilities	87,739	51,911
Consolidated liabilities	<u>1,834,538</u>	<u>1,795,939</u>

Segmental information is presented in respect of the Group's geographical segments. In presenting information on the basis of geographical segments, segment revenue and trade receivables 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
2017						
Revenue from external customers	2,184,132	10,738	5,400	39,624	6,818	2,246,712
Segment assets	2,724,007	1,179	213	12,759	-	2,738,158
Capital expenditure	73,897	-	-	-	-	73,897
2016						
Revenue from external customers	2,112,045	821	1,061	19,368	258	2,133,553
Segment assets	2,710,747	73	-	12,176	-	2,722,996
Capital expenditure	67,995	-	-	-	-	67,995

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

	2017 RMB'000	2016 RMB'000	+/(-) %
Sales reported for the first half year	1,144,053	937,876	22.0
Operating loss after taxation but before minority interests reported for the first half year	(3,351)	(30,641)	(89.1)
Sales reported for the second half year	1,102,659	1,195,677	(7.8)
Operating loss after taxation but before minority interests reported for the second half year	(19,512)	(334,164)	(94.2)

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 FY2017 and FY2016.

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 – RMB479,000,000 Sale of crude AA to Yixing Danson - RMB195,696,000 Purchase of residual crude AA and finished goods from Yixing Danson – RMB64,027,000	-
Taixing Jinyan Chemical Technology Co., Ltd ("Taixing Jinyan")	Corporate guarantees in favour of Taixing Jinyan – RMB715,000,000 Supply of chemical raw materials to Taixing Jinyan – RMB349,421,000 Purchase of chemical products from Taixing Jinyan – RMB11,193,000	-
Taixing Jinyan Cangchu Co., Ltd. ("Taixing Cangchu")	Corporate guarantees in favour of Taixing Cangchu - RMB260,000,000	-
Jiangsu Jurong Petrochemicals Co., Ltd ("Jiangsu Jurong")	Sales of chemical products to Jiangsu Jurong – RMB13,275,000	Sales of chemical products to Jiangsu Jurong - RMB3,183,000
Jiaxing Jinyan Chemical Co., Ltd ("Jiaxing Jinyan")	Purchase of chemical products from Jiaxing Jinyan – RMB35,039,000	

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 – RMB49,060,000 Purchase of chemical products from Jiangsu Yinyan – RMB11,372,000	Sales of chemical products to Jiangsu Yinyan - RMB9,462,000

Note:

- (1) The Company is in the process of preparing a circular to seek shareholders' ratification for past interested person transactions, and a shareholders' mandate for any on-going interested person transactions.

The IPTs relate primarily to cross guarantees relating to working capital and as such is continuing in nature, and susceptible to changes in view of the fluid nature of the Group's business requirements. Accordingly, the Audit Committee has engaged and is working closely with the Management to discuss and finalise the list of IPTs and their respective values historically and on an on-going basis in order to provide sufficient details to shareholders so that the shareholders can make an informed decision during the EGM to be convened in due course to approve the IPTs.

- (2) As at 31 December 2017, the aggregate amount of the corporate guarantees that the Group provided to Yixing Danson, Taixing Jinyan, Jiaying Jinyan and Taixing Cangchu was approximately RMB1,454,000,000, whilst the aggregate amount of corporate guarantees that these same entities provided to the Group was approximately RMB932,400,000.

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 2017	Terms of IPT	Rationale for IPT
Yixing Danson Technology Co., Ltd ("Yixing Danson")	Sale of crude AA	RMB195.7 million	Normal commercial terms	Sales of the Group's end products to downstream customer
	Purchase of residual crude AA and finished goods	RMB64.0 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")	Supply of chemical raw materials	RMB349.4 million	Normal commercial terms	Centralised purchasing to achieve economic of scale and hence savings in material cost, trade terms and logistic
	Purchase of chemical products	RMB11.2 million	Normal commercial terms	On-sell to the Group's customers for products not produced by the Group
Jiangsu Jurong Petrochemicals Co., Ltd ("Jiangsu Jurong")	Sales of chemical products	RMB13.3 million	Normal commercial terms	Sales of the Group's end products to downstream customer
Jiaxing Jinyan Chemical Co., Ltd ("Jiaxing Jinyan")	Purchase of chemical products	RMB35.0 million	Normal commercial terms	On-sell to the Group's customers for products not produced by the Group
Jiangsu Yinyan Specialty Chemical Co., Ltd ("Jiangsu Yinyan")	Sales of chemical products	RMB49.1 million	Normal commercial terms	Sales of the Group's end products to distributor
	Purchase of chemical products	RMB11.4 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 Xiao
Executive Director and Chief Executive Officer
1 March 2018