



圣马控股
SUNMART HOLDINGS

SUNMART HOLDINGS LIMITED

圣马控股有限公司



Annual Report 2015



CONTENTS



Corporate Profile	1
Operations Review	2
Chairman's Message	4
Board of Directors	6
Key Executives	8
Report on Corporate Governance	9
Financial Contents	20
Shareholders' Information	77
Notice of Annual General Meeting	79
Proxy Form	
Corporate Information	

CORPORATE **PROFILE**

The Company was incorporated on 9 January 2006 in Singapore under the name of Sunmart Holdings Pte Ltd. On 15 August 2007, the Company was converted to a public company and changed its name to Sunmart Holdings Limited.

The Group is principally engaged in the production and sale of a wide range of spray products comprising primarily spray pumps, aluminium cans and plastic bottles, which are mainly used in the packaging of (i) fast-moving consumer goods, such as hair products, cosmetics, perfume, deodorant and detergent; (ii) pharmaceutical products, such as disinfectants and antiseptic; and (iii) health supplements. The Group has two subsidiary corporations in China, Wuxi Sunmart Plastic Co., Ltd. and Wuxi Sunmart Technology Co., Ltd. to undertake the production of its products. The Group sells its products to over 1,000 customers in more than 70 countries spanning across Asia Pacific, North and South America, Australia, Europe and Africa.

OPERATIONS REVIEW

PERFORMANCE BY GEOGRAPHICAL MARKET

The Group has a wide portfolio of customers. Our products are sold to over 1,000 customers in more than 70 countries spanning across Asia Pacific, North and South America, Europe, Australia and Africa. As of FY2015, about 58.4% of our products are sold to overseas customers.

In terms of contributions by geographical markets, the Asia region is the largest overseas contributor although revenue had decreased from RMB 81.3 million in FY2014 to RMB 74.7 million in FY2015. Despite the decrease, Asia region still account for 23.6% of the Group's revenue of RMB 316.4 million in FY2015.

Europe is also an important overseas segment. Revenue has decreased from RMB 36.4 million in FY2014 to RMB30.9 million in FY2015. The decrease

was due to worsening economic conditions in Europe, resulting in lower consumption by Europe residents.

Sale to the America region increased in FY2015 mainly due to higher sales in USA. This is in tandem with improving economy in USA, which encouraged USA residents to spend more on consumer products.

The PRC market is also another major contributor to our sales, contributing 41.6% to Group revenue in FY2015. Sales of our products in the PRC market increased compared to the previous year.

REVIEW OF FINANCIAL PERFORMANCE

Profit and Loss

For the year ended 31 December 2015, the Group's revenue increased by RMB 4.4 million to RMB 316.4 million, representing a increase of 1.4% over the



OPERATIONS REVIEW

corresponding period last year. The increase is due to better marketing efforts which result in higher orders for our products.

The Group's gross profit increased by RMB 1.5 million to RMB 60.1 million in FY2015 compared to FY2014. This represents an increased of 2.5% as compared to last year. Gross profit margin increased to 19.0% compared to 18.8% in FY 2014. This was mainly due to higher labour costs which outpaced productivity gains despite our efforts and investment in automation and equipment.

The Group's year-to-date other income decreased by RMB 11.1 million over the corresponding period mainly due to lower of interest income earned from bank deposits and third parties and there was a dividend received from associated company amounted to RMB 5.1 million.

The Group's year-to-date distribution and marketing increased as compared to the corresponding period last year mainly due to higher commission expenses. The Group's year-to-date administrative expenses decreased by RMB 19.8 million or 75.6% to RMB 6.4 million as compared to last year. The decreased was mainly due to recovered trade receivables and advances from suppliers which were fully impaired/write down in prior years.

Balance Sheet

Our cash and equivalent had increased sharply compared to FY2014. The increase was mainly due to placement of short term deposits which were pledge for the Group's borrowings. On the other hand, the Group's borrowings had also increased by RMB 67.1 million.

Net current liability as at 31 December 2015 amounted to RMB 126.6 million because of funding of long term investments and fixed assets were made using mainly short term borrowings.

Cash Flows

Net cash generated from operating activities amounted to RMB 10.7 million in FY2015 was lower compared to FY2014 mainly due to

- (1) Significant losses incurred by the associated company in FY2015.
- (2) interest income decreased by 75% from RMB 7.5 million in FY2014 to RMB 1.8 million in FY2015; and
- (3) more trade and other receivables as of 31 December 2015.

Net cash used in investing activities amounted to RMB 16.6 million in FY2015 was mainly due to new additions to our fixed assets.

Net cash from in financing activities amounted to RMB 18.6 million in FY2015 was mainly due to new bank loans had granted.

CHAIRMAN'S MESSAGE

On the behalf of the Board of Directors of Sunmart Holdings Ltd. ("Sunmart" or the "Company") and its subsidiary corporations (collectively, the "Group"), I would like to offer our sincerest apologies for the inconvenience and anxieties caused as a result of the trading suspension of our company's shares.

We have already submitted a resumption of trading proposal to the Singapore Exchange Securities Trading Limited ("SGX-ST") and is hopeful that SGX-ST will soon approve our request to resume trading.

REVIEW OF EVENTS TO DATE

Our Audit Committee was informed by our preceding Auditors on 27 February 2012 and subsequently updated on 29 March 2012 that they have not been able to obtain satisfactory explanation and supporting documents from management on the business rationale of certain transactions as well as the veracity of certain account balances. These transactions and account balances include, payment transactions, petty cash balances and transactions, accounts receivables, sales of raw materials and scrap materials investment in a new business and loan to a local authority.

The Board subsequently decided and authorised the Audit Committee to conduct further fact finding process on the issues, and take any further actions as they deem fit.

The Audit Committee on 10 August 2012 appointed Ferrier Hodgson as special auditor. Ferrier Hodgson has agreed to

- (1) carry out an independent review of the Group on the issues raised by the preceding auditors of the Company, Ernst & Young LLP, during their audit of the financial statements of the Group for FY2011, and
- (2) provide the Audit Committee and the SGX-ST with the findings arising from their review.

The Special Auditors' Executive Summary was announced by the Company on 23 August 2013.

Certain Key issues are set out as follows:

- (1) Due to the recording of fictitious entries, the profit after tax for FY2011 was inflated by RMB 22.0 million. The fictitious entries have been cancelled and the accounts have been restated. A new Finance Manager had also been appointed to look after the accounts.
- (2) During the FY2011 and the 8 month period from January to August 2012, we extended loans to Xuebao, (Which is considered an interested person of the Company within the meaning of the listing rules of the Singapore Securities Trading Limited).

The amount owing by Xuebao to the Company was fully repaid on 25 August 2014.

The board and key management has been re-structured at the end of FY2015. The two existing Independent Directors had been stepped down and replaced by two new Independent Directors on the board and a new CFO was appointed to replace the existing CFO. The changes to both key management and board members are able to help the Company to improve the corporate governance and to resume trading eventually.

LOOKING FORWARD

We expect FY2016 to be a challenging year as more regulations had been implemented by the PRC government which would have a direct intervention in the economy resulting in strengthening of Renminbi and increased labour costs.

Although current economic conditions remain challenging, we are able to sustain our sales because we price our products competitively. Despite our stable sales, we struggle to achieve higher profitability mainly because we absorb the higher cost instead of passing on to the customers.

CHAIRMAN'S MESSAGE

Notwithstanding the above, all in not gloomy as the drop in oil prices had brought some cheer to the Group due to lower raw material prices. The Group will utilise the savings to invest in training of our staff and research and develop new and better quality products to win more customers and orders.

To increase the Group's competitive advantage, the Group may consider investing up stream in selected companies to secure our supplies and take advantage of costs and technology synergies.

The Group will also explore new investment opportunities including industries with better profit margins but may be unrelated to manufacturing of spray pumps in order to bring long term value to our shareholders.

The Board is fully committed to resolving the issues that led to the suspension and have made progress towards this end.

We believe that the issues leading to the suspension have been largely addressed and the uncertainties at the time of suspension have become know. We had already submitted a proposal for the resumption of trading of the company's shares while taking steps to safeguard the interests of the shareholders.

IN APPRECIATION

On the behalf of the Board, I would like to thank our shareholders for your continued patience during this difficult period.

I am also grateful to our Independent Directors for their support and guidance.

I would also like to thank our Management and staff for their continued dedication and commitment to keep business operations going as well as our business partners, bankers, suppliers and customers for their confidence and support of the Group during this challenging period.

We hope that you all can continue to give us your support as we strive to get the Company back on its feet and trade on SGX-ST again.

Sun BingZhong
Executive Chairman & CEO

BOARD OF DIRECTORS

Sun Bingzhong *Executive Chairman & CEO*

Date of Initial Appointment: 20 January 2006

Date of Last Re-elected: 30 April 2015

Mr Sun Bingzhong, the founder of the Group, was appointed as the Executive Chairman and CEO of the Company on 20 June 2006. He is in charge of the overall business operations of our Group. He has accumulated over 20 years of management experience in the spray products business. In recognition of his achievements and contributions, Mr Sun has received various awards including China Top CIO Award 2005 by China Outstanding CIO Assessment Committee, China Outstanding Packaging Entrepreneur by China Packaging Federation in 2006, etc.

Mr Sun graduated from Jiangsu Normal College, a teacher training institution, in 1982. In 2003, he graduated in Business Management from Dongnan University.

Present Directorship/ Chairmanship in Listed Companies	Principal Commitments	Past Directorships/ Chairmanship on Other Listed Companies Held Over the Preceding 3 Years
Nil	Sunmart Holdings Limited	Nil

Zhou Jianxin *Independent Director*

Date of Initial Appointment: 14 May 2008

Date of Last Re-elected: 15 October 2014

Mr Zhou Jianxin is our Independent Director and was appointed to our Board on 14 May 2008. He has over 15 year of senior management experience in fast moving consumer goods industry. Mr Zhou started his career in the medical field and was a doctor in Changshou city from 1987 to 1996. In 1996, he moved out to the commercial operations and became the General Manager of Jiangyin Ying Hua Meng Consumer Goods Company. He was overall in charge of overall operations of the company, including the production and sales.

Mr Zhou earned a medical degree in Nanjing Medical University in 1996.

Present Directorship/ Chairmanship in Listed Companies	Principal Commitments	Past Directorships/ Chairmanship on Other Listed Companies Held Over the Preceding 3 Years
Nil	Jiangyin Ying Hua Meng Consumer Goods Company	Nil

BOARD OF DIRECTORS

Wu Guoxing

Executive Director, Head of Equipment Logistics and Safety Department-Sunmart Tech and Sunmart Plastic

Date of Initial Appointment: 21 February 2007

Date of Last Re-elected: 22 July 2014

Mr Wu Guoxing was appointed as Executive Director on 21 February 2007. He joined Jiangsu Xuebao, the preceding entity of Sunmart Tech, as Head of the Equipment Logistics and Safety Department in January 1999. Subsequent to the formation of Sunmart Plastic and Sunmart Tech in July 2003 and February 2006 respectively. Mr Wu assumed the position of Head of the Equipment Logistics and Safety Department in these two companies.

Present Directorship/ Chairmanship in Listed Companies	Principal Commitments	Past Directorships/ Chairmanship on Other Listed Companies Held Over the Preceding 3 Years
Nil	Sunmart Holdings Limited	Nil

Tang Teck Choon

Lead Independent Director

Date of Initial Appointment: 30 December 2015

Mr. Tang was appointed as Independent Director of the Company since 30 December 2015.

He is currently a contract audit partner of Kaiden Audit & Assurance since 2015. Prior to joining Kaiden Audit & Assurance, he was a contract manager of Teo Boon Tieng & Co since 2008. Prior to that, he worked in PricewaterhouseCoopers from 2006 to 2008.

He is a Chartered Accountant of Institute of Singapore Public Accountants since 2014 & a member of CPA Australia since 2011. He graduated from Singapore Institute of Management-Royal Melbourne Institute of Technology with a Bachelor of Business (Accountancy) with Distinction in 2002.

Present Directorship/ Chairmanship in Listed Companies	Principal Commitments	Past Directorships/ Chairmanship on Other Listed Companies Held Over the Preceding 3 Years
Nil	Kaiden Audit & Assurance	Nil

Zhu Ping

Independent Director

Date of Initial Appointment: 19 February 2016

Mr Zhu Ping is our Independent Director and was appointed to our Board on 19 February 2016. He was previously a president in Sungard China from July 2013 to December 2015. Prior to that, he was COO of Sungard China from January 2011 to June 2013.

Present Directorship/ Chairmanship in Listed Companies	Principal Commitments	Past Directorships/ Chairmanship on Other Listed Companies Held Over the Preceding 3 Years
Nil	Nil	Nil

KEY EXECUTIVES

Zhou Jiamin

Chief Financial Officer / Company Secretary

Mr Zhou Jiamin was appointed as our Group's Chief Financial Officer and Company Secretary on 1 January 2016 to oversee the overall financial and accounting matters of our Group, control and management reporting systems and ensures that all SGX reporting and corporate governance requirements are met.

Prior to joining the Group as an CFO, he was an Independent Director of Sunmart since July 2011. He was the CFO of Unionmet (Singapore) Limited, a listed company in Singapore and CFO of Zhong Xin Energy Holdings (HongKong) Limited from September 2009 to Mar 2014. Prior to that, he was working at Horwath First Trust from 2006 to 2008 and KPMG (Singapore) from 2004 to 2006.

Mr Zhou is Fellow of Association of Chartered Certified Accountant and qualified as a Chartered Accountant of Singapore in 2008. He graduated from Oxford Brookes University with Bachelor of Accountancy (Honours) in 2004.

Cao Jixing

Deputy General Manager of Sunmart Plastic

Mr Cao Jixing is the Deputy General Manager of Sunmart Plastic. He is responsible for the production and sale of our products and the purchase of raw materials. He joined Jiangsu Xuebao as Deputy General Manager in 2002, and was appointed as Deputy General Manager of Sunmart Plastic after we acquired the entire equity interests in Sunmart Plastic in 2006 pursuant to the Restructuring Exercise. From 1995 to 2002, he was the Deputy General Manager at Jiangyin Tongji Light Steel Structure Engineering Co., Ltd. in charge of production matters.

He graduated from the International Management College of the Shanghai Finance University having studied there from May 2005 to July 2005.

Zhang Jie

Deputy General Manager of Sunmart Tech

Mr Zhang Jie is the Deputy General Manager of Sunmart Tech. He is in charge of product research and development and quality assurance, and has more than 20 years of experience in plastic moulding.

He joined Jiangyin East Asia in 1997 as Deputy Manager in charge of moulding matters. He became Jiangsu Xuebao's Deputy General Manager in 1998 following the change of Jiangyin East Asia's name to Jiangsu Xuebao. Subsequently, Mr Zhang was appointed as Deputy General Manager of Sunmart Tech after Sunmart Tech acquired the major operational assets of Jiangsu Xuebao in March 2006.

Xue Yuhu

Finance Manager of Sunmart Tech and Sunmart Plastic

Mr Xue Yuhu is the Finance Manager of Sunmart Tech and Sunmart Plastic.

He joined the Group in May 2012. From 1995 to April 2012, he was the department head in charge of finance in Wuxi Central Chemical Ltd Co.

Mr Xue graduated from Shanghai Lixing Accounting Institution in 1985 where he obtained his accounting and finance degree.

REPORT ON CORPORATE GOVERNANCE

The Board of Directors (the “Board”) of SUNMART HOLDINGS LIMITED (the “Company”) is committed to maintain high standards of corporate governance within and throughout the Company and its subsidiary corporations (collectively known as, the “Group”) by following closely the recommendations of the Code of Corporate Governance 2012 (the “2012 CG Code”). This report describes the Company’s main corporate governance practices with specific reference to the 2012 CG Code.

Principle 1: Board’s Conduct of Affairs

The primary function of the Board is to protect and enhance long-term value and returns for its shareholders.

The Board oversees the Group’s overall strategic plans, key operational initiatives, major funding and investment proposals, financial performance reviews and corporate governance practices. Approval of the Board is required for matters such as corporate restructuring, mergers and acquisition, major investments and divestments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, acceptances of bank facilities, annual budget, release of the Group’s quarterly and full year’s results and interested person transactions of a material nature.

The Board conducts regular scheduled meetings on a quarterly basis to coincide with the announcement of the Group’s quarterly results. Ad-hoc Board meetings are convened as and when they are deemed necessary in between the scheduled meetings. The Constitution of the Company provide for Directors to convene meetings by ways of tele-conferencing, video conferencing, audio or other similar communications equipment. When a physical Board meeting is not possible, timely communication with members of the Board can be achieved through electronic means and the circulation of written resolutions for approval by the relevant members of the Board or Board committees.

To assist in the execution of its responsibilities, the Board has delegated specific authority to the various Board committees namely the Audit Committee (“AC”), Nominating Committee (“NC”) and Remuneration Committee (“RC”). All Board Committees are chaired by an Independent Director and consist a majority of Independent Directors.

Letters of appointment will be issued to new Directors setting out the director’s duties and obligations. The Company will provide training and orientation for any newly appointed Directors (if and when appointed) for them to develop the requisite skills. Directors also have the opportunity to visit the Group’s operational facilities to gain a better understanding of the Group’s business operation. On an on-going basis, the Directors are also briefed by Company Secretary and external professionals on updates to relevant regulations and governance requirements and accounting standards.

The newly-appointed independent directors, Mr Tang Teck Choon and Mr Zhu Ping, had went on an orientation trip to China in March 2016 to familiarize themselves of the Group’s operations.

REPORT ON CORPORATE GOVERNANCE

Details of Board and Board Committee Meetings held in FY2015 are summarized in the table below:

Name of Director	Board Meeting	AC Meeting	NC Meeting	RC Meeting
Number of Meetings held in 2015	3	2	1	1
Sun Binzhong	2	1 ⁽⁵⁾	0	-
Wu Guoxing	1	1 ⁽⁵⁾	1 ⁽⁵⁾	1 ⁽⁵⁾
Zhou Jianxin	1	1	1	1
Tang Teck Choon ⁽¹⁾	–	–	–	–
Zhu Ping ⁽²⁾	–	–	–	–
Lae Chung Wah ⁽³⁾	3	2	1	1
Zhou Jiamin ⁽⁴⁾	3	2	1	1

⁽¹⁾ Mr Tang Teck Choon was appointed as a Director of the Company on 30 December 2015.

⁽²⁾ Mr Zhu Ping was appointed as Director of the Company on 19 February 2016.

⁽³⁾ Mr Lae Chung Wah resigned as a Director of the Company on 31 August 2015.

⁽⁴⁾ Mr Zhou Jiamin resigned as a Director of the Company on 31 December 2015 and was appointed as Chief Financial Officer and Company Secretary on 1 January 2016.

⁽⁵⁾ By invitation.

Principle 2: Board Composition and Guidance

The Board comprises five Directors of whom two are executive Directors, and three are Independent Directors, as follows:

- | | | |
|----|-----------------|--|
| 1. | Sun Bingzhong | Executive Chairman & Chief Executive Officer |
| 2. | Wu Guoxing | Executive Director |
| 3. | Tang Teck Choon | Lead Independent Director |
| 4. | Zhou Jianxin | Independent Director |
| 5. | Zhu Ping | Independent Director |

The Independent Directors contribute to the Board process by monitoring and reviewing Management's performance against goals and objectives. Their views and opinions provide alternative perspectives to the Group's business. When challenging Management proposals or, decisions, they bring independent judgment to bear on business activities and transactions involving conflicts of interest and other complexities.

The present composition of the Board complies with the 2012 CG Code that independent directors make up at least half of the Board where the Chairman and Chief Executive Officer is the same person.

The size and composition of the Board is reviewed on an annual basis by the NC to ensure that it has an appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. The Board considers its current Board size appropriate for the nature and scope of the Group's operations. Each director is appointed on the strength of his caliber, experience and stature and is expected to bring a valuable range of experience and expertise to contribute to the development of the Group strategy and the performance of its business.

Profiles and key information of individual Directors, including their chairmanships and directorships both present and those held over the preceding three years in other listed companies, and other principal commitments, are disclosed on pages 6 to 7 of this annual report.

REPORT ON CORPORATE GOVERNANCE

Principle 3: Chairman and Chief Executive Officer

Currently, the Executive Chairman and Chief Executive Officer of the Company (the "CEO") is Sun Bingzhong. Mr Sun is the founder of the Group and plays a key role in developing the business of the Group and provides the Group with strong leadership and vision. He is responsible for the day-to-day running of the Group as well as the exercise of control of the quality, quantity and timeliness of information flow between the Board and Management.

All major decisions made by the Executive Chairman and CEO are reviewed by the Board. His performance and appointment to the Board is reviewed periodically by the NC and his remuneration package is also subject to periodic review by the RC. Both the NC and RC comprise a majority of Independent Directors. As such, the Board believes that there are adequate safeguards in place against an uneven concentration of power and authority in a single individual.

As Chairman of the Board, Mr Sun bears responsibility for the effective working of the Board. He is responsible for amongst others, ensuring that Board meetings are held when necessary, setting the board meeting agenda in consultation with the Chief Financial Officer, assisting in ensuring compliance with the Group's guidelines on corporate governance, acting as a facilitator at Board meetings and maintaining regular dialogue with the management on all operational matters.

Mr Tang Teck Choon, an Lead Independent Director, who is also the Chairman of the AC was appointed on 30 December 2015 in line with the recommendations under the 2012 Code. He will be available to shareholders where they have concerns for which normal channels to the Chairman and the CEO has failed to resolve or is inappropriate.

Principle 4: Board Membership

The Nominating Committee ("NC") was reconstituted on 19 February 2016 in line with the recommendation of the Code of Corporate Governance 2012 to comprise Mr Zhou Jianxin (Chairman), Mr Sun Bingzhong, Mr Tang Teck Choon and Mr Zhu Ping. The NC is regulated by a set of written terms of reference which sets out its responsibilities.

The terms of reference has been amended to be in line with the 2012 CG Code and these include:

- (a) Reviewing of board succession plans for directors, in particular, the Chairman and for the CEO;
- (b) Evaluating the performance of the Board, its Board Committees and proposing objective performance criteria for Board's approval;
- (c) Establishing procedures for and making recommendations to the Board on all Board appointments and re-appointments (as well as alternate director, if applicable);
- (d) Determining annually if a Director is independent; and
- (e) Evaluating if a Director has multiple board representations and if he is able to and has been adequately carrying out his duties as a Director.

In accordance with Article 89 and Article 88 of the Company's Constitution, each Director is required to retire at least once in every three years by rotation and all newly appointed Directors will have to retire at the next Annual General Meeting following their appointments. The retiring Directors are eligible to offer themselves for re-election.

REPORT ON CORPORATE GOVERNANCE

The NC recommended Messrs Tang Teck Choon and Zhu Ping for re-election at the forthcoming Annual General Meeting pursuant to Article 88 of the Company's Constitution. Mr Wu Guoxing be recommended for re-election at the forthcoming Annual General Meeting pursuant to Article 89 of the Company's Constitution. The Board has accepted the NC's recommendations and accordingly Messrs Tang Teck Choon, Zhu Ping and Wu Guoxing will be offering themselves for re-election.

The independence of each Director is reviewed annually by the NC. The Independent Directors (within the definition of the 2012 CG Code) are Mr Tang Teck Choon, Mr Zhu Ping and Mr Zhou Jianxin. The Independent Directors have no relationship with the Company, its related companies, its shareholder with shareholding of 10% or more or their officers that could interfere or reasonably be perceived to interfere, with the exercise of their independent judgment in the best interests of the Group. None of these Directors has served the Company for a period exceeding nine years by the forthcoming Annual General Meeting to be held on 29 April 2016.

The NC believes that setting a maximum number of listed company board representations would not be meaningful as the contributions of the Directors should be best assessed through qualitative factors such as their attendance and time commitment to the affairs of the Company. The NC would continue to review from time to time the board representations and other principal commitments of each Director to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately. The Board affirms and supports the view of the NC.

When a need for a new Director arises, either to replace a retiring Director or to enhance the Board's strength, the NC will source for new candidates with the desired competencies. External help may be engaged to source for potential candidates if considered necessary. Directors and Management may also make recommendations. The NC will meet shortlisted candidates before making recommendation to the Board for consideration and approval.

Principle 5: Board Performance

The NC undertakes a process to assess the effectiveness of the Board as a whole. Directors are requested to complete a Board Evaluation Form to assess the overall effectiveness of the Board. The results of the evaluation exercise were considered by the NC which then makes recommendations to the Board aimed at helping the Board to discharge its duties more effectively.

The NC had extracted the salient recommendations from the 2012 CG Code and incorporated these recommendations into the Board evaluation form.

While the 2012 CG Code recommends that the Directors be assessed individually, the NC felt that it is more appropriate and effective to assess the Board as a whole, bearing in mind that each board member contributes in different ways to the success of the Company. Board decisions are also made on a collective basis.

Principle 6: Access to Information

Board members are provided with adequate and timely information on Board affairs and issues that require the Board's decision. All Directors have independent access to the Group's senior management and the Company Secretary. All Directors are provided with complete and adequate information prior to Board meetings and on an ongoing basis. The Company Secretary provides secretarial support to the Board, ensure adherence to Board procedures and relevant rules and regulations which are applicable to the Company. The Company Secretary attends all Board meetings.

REPORT ON CORPORATE GOVERNANCE

Should Directors, whether as a group or individually, need independent professional advice to fulfill their duties, such advice will be obtained from a professional entity of the Director's choice and the cost of such professional advice will be borne by the Company.

Principle 7: Procedures for Developing Remuneration Policies

Principle 8: Level and Mix of Remuneration

Principle 9: Disclosure on Remuneration

The Remuneration Committee ("RC") comprises three Independent Directors and they are:

- (a) Zhou Jianxin (Chairman)
- (b) Tang Teck Choon
- (c) Zhu Ping

The RC is guided by its term of reference that had been amended to be in line with the 2012 CG Code. The RC reviews and determines the remuneration packages, wages/remuneration policies and promotions for senior executives in the Group. The Remuneration Committee covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses and benefits in kind.

In its review, the RC's objective is to provide a level of remuneration that would be appropriate to attract and retain the Directors and key management personnel in the running of the Group. The recommendations of the RC will be submitted to the Board for endorsement. Each member of the RC shall abstain from voting on any resolution in respect of his remuneration package or that of employees related to him.

In providing its recommendations to the Board on the remuneration of the Executive Directors and Key Executives, the RC takes into consideration the remuneration packages of directors and key management personnel in comparable companies/industries, as well as the Group's relative performance. The remuneration of Independent Directors is based on a basic fee and an additional fee for serving on any of the committees. If required, the RC has access to expert advice inside and/or outside the Company on remuneration of all Directors.

The Chairman and CEO, Mr Sun Bingzhong is remunerated based on a remuneration structure comprising a monthly basic salary and an incentive bonus to be determined based on a formula set out in his service agreement. The service agreement is subject to periodic review.

The other Executive Director does not have any service agreement with the Company. Directors' fees have to be approved by Shareholders at every annual general meeting ("AGM")

REPORT ON CORPORATE GOVERNANCE

The table below shows breakdown of the remuneration of the Directors of the Company paid in the year ended 31 December 2015.

Name of Director	Remuneration Band	Salary %	Bonus %	Director's fees %	Other benefits %	Total %
Executive Directors						
Sun Bingzhong	S\$250,000 and S\$500,000	94	–	–	6	100
Wu Guoxing	Below S\$250,000	80	20	–	–	100
Non-Executive Directors						
Lae Chung Wah ¹	Below S\$250,000	–	–	100	–	100
Zhou Jianxin	Below S\$250,000	–	–	100	–	100
Zhou Jiamin ²	Below S\$250,000	–	–	100	–	100

¹ Mr Lae Chung Wah resigned as a Director of the Company on 31 August 2015.

² Mr Zhou Jiamin resigned as a Director of the Company on 31 December 2015 and was appointed as Chief Financial Officer and Company Secretary on 1 January 2016.

The Company believes the disclosure bands of S\$250,000 provides sufficient overview of the remuneration of the Directors while maintaining confidentiality of the remuneration matters, is in the best interests of the Group.

There was no employee of the Group who are immediate family members of a director or substantial shareholder and whose remuneration exceeds S\$50,000 for the year ended 31 December 2015.

The Company has no employee share option scheme or any long-term incentive scheme in place.

Details of remuneration paid to the Key Executives of the Group (who are not Directors) for the year ended 31 December 2015 are set out below:

Name of Executive Officer	Salary %	Bonus %	Other benefits %	Total %
Below S\$250,000				
Ho Soo Hui ¹	85	7	8	100
Cao Jixing	76	19	5	100
Zhang Jie	77	19	4	100
Xue Yuhu	76	19	5	100

¹ Mr Ho Soo Hui resigned as Chief Financial Controller and Company Secretary on 4 December 2015.

The aggregate remuneration of the top key executives (who are not directors of the Company) paid in the year ended 31 December 2015 amounted to S\$365,000.

For competitive reasons, the Company is not adopting the recommendation under the 2012 Code to disclose the exact remuneration of the Key Executives of the Group.

REPORT ON CORPORATE GOVERNANCE

Principle 10: Accountability

The Board provides to the shareholders, a balanced and understandable assessment of the Company's performance, position and prospects through the presentation of the annual financial statements and results announcements on a quarterly basis.

Management currently provides the Board with appropriately detailed management accounts of the Group's performance, position and prospects on a timely basis in order for the Board to discharge its duties effectively.

As previously disclosed, the Board has appointed the Special Auditors to conduct an independent review of the Group on the issues raised by the previous Auditors, Ernst & Young LLP during its audit of the financial statements of the Group for FY2011 and to provide to the AC with the findings arising from its review.

The Special Auditors have released their findings and a copy of their Executive Summary was also announced by the Company on 23 August 2013. The AC has reviewed the contents and findings of the Report and, after consultation with the Company's lawyers, auditors and other professionals, the AC has accepted all the recommendations from the Special Auditor and is now proposing the following measures to further enhance the corporate governance procedures of the Group:-

- (a) To develop and prepare a business plan, budget and cash flow for the next five years to ensure that the business of the Group can be monitored against pre-defined plans and objectives;
- (b) To cease and/or reduce the advances made to suppliers and loans to third parties;
- (c) To enhance the credit control and cash management of the Group;
- (d) To provide training for the finance staff in the Company to ensure that they understand their responsibility and requisite skills in the context of a listed company;
- (e) CFO to provide adequate supervision of the finance departments of the subsidiaries of the Company and ensure that the internal accounting control is in place and strictly complied with by all the finance staff;
- (f) To implement procedures to ensure adequate control over the assets of the Group, including but not limited to detailed recording of the fixed assets register;
- (g) To appoint a suitable qualified professional firm to perform the internal audit functions for the Group; and
- (h) The Company will also, in consultation with the incoming qualified professional firm, put in place relevant internal procedures, such as the approval matrix, in its operations' manual to ensure there will not be any future breaches of Rules 905 and 906 of the SGX Listing Manual.

Management has largely complied with the recommendations from the Special Auditors.

Principle 11: Risk Management and Internal Controls

The Board recognizes the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal controls and risk management, and for reviewing the adequacy and integrity of those systems on an annual basis.

The Company does not have a Risk Management Committee. However, the management day-to-day reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The management reviews all significant control policies and procedures and highlights all significant matters to the Directors and the AC.

REPORT ON CORPORATE GOVERNANCE

The external auditors will, in the course of their statutory audit, conduct a review of the internal control procedures and highlight any material internal control weaknesses which have come to their attention. All audit findings and recommendations made by the internal and external auditors are reported to the Audit Committee. Significant issues are discussed at the Audit Committee meetings.

The Board has received assurance from the CEO and CFO:

- that the financial records of the Group have been properly maintained and the financial statements for the year ended 31 December 2015 give a true and fair view of the Group's operations and finances; and
- regarding the effectiveness of the Group's risk management systems and internal control systems.

Based on the internal controls established and maintained by the Company, work performed by the external auditors and reviews performed by Management, as well as the assurance from the CEO and CFO, the Board, with the concurrence of the Audit Committee, is of the view that the Company's internal controls addressing key financial, operational, compliance and information technology risks were adequate and effective to meet the needs of the Group in its current business environment as at 31 December 2015.

Principle 12: Audit Committee

The Audit Committee comprises three Directors, all of whom, including the Chairman is independent. The AC members are:

- (a) Tang Teck Choon (Chairman)
- (b) Zhou Jianxin
- (c) Zhu Ping

The AC members bring with them managerial and professional expertise in the business management spheres.

The AC has full access to and the co-operation of Management, has full discretion to invite any Director or Executive Officer to attend its meetings and has been given adequate resources to enable it to discharge its functions. The AC also has the explicit powers to conduct or authorize investigations into any matters within its terms of reference. The AC has reasonable resources to enable it to discharge its functions properly.

The AC guided by its terms of reference, which has been amended to be in the 2012 CG Code, performs the following principal functions:

- assists the Board of Directors in the discharge of its responsibilities on financial and accounting matters;
- reviews the audit plans, scope of work, results and quality of audits carried out by internal and external auditors;
- reviews the co-operation given by Management to the external and internal auditors;
- reviews significant financial reporting issues and judgements relating to financial statements for each financial year, interim and annual financial statements and the auditors' report before submission to the Board of Directors for approval;

REPORT ON CORPORATE GOVERNANCE

- reviews the integrity of any financial information presented to our shareholders;
- reviews the adequacy and effectiveness of the Group's material internal controls, including financial, operational compliance and information technology controls and risk management via reviews carried out by the internal auditors, and taking into consideration the external auditors' findings arising from their annual audit;
- reviews the nature and extent of non-audit services provided by the external auditors yearly to determine their independence;
- recommends to the Board of Directors the appointment and re-appointment of external auditors, approves the compensation and terms of engagement of the external auditors;
- meets with the external auditors without the presence of the Company's Management annually;
- reviews the effectiveness of the internal audit function;
- reviews interested person transactions, if any;
- reviews potential conflicts of interest, if any;
- investigates any matter within its terms of reference; and
- reviews the risk management structure and any oversight of risk management processes and activities to mitigate and manage risk at acceptable levels determined by the Board of Directors.

No non-audit services were provided by the External Auditors during the financial year ended 31 December 2015. The aggregate audit fees paid to the External Auditors for the financial year ended 31 December 2015 was S\$130,000. The AC was satisfied that the External Auditors had been objective and independent in the audit of the Group. The AC had recommended the re-appointment of Nexia TS Public Accounting Corporation as External Auditors at the forthcoming AGM.

The AC is satisfied that the Company has complied with Listing Rules 712 and 715 of the Listing Manual regarding the audit of its subsidiaries outside Singapore.

The AC met with the External Auditors without the presence of Management on 26 February 2016.

The Company has adopted a Policy and Procedure on Whistle Blowing. The Company has provided employees with well-defined and assessable channels within the Group to raise concerns about possible improprieties in matters of financial reporting such as fraud, corruption or other matters. Upon receipt of such complaint, the AC would exercise discretion on how to proceed with the investigation, thereafter recommend necessary actions to be taken. The AC has received no complaints up to the date of this report.

REPORT ON CORPORATE GOVERNANCE

INTERNAL AUDIT

The Board understands the importance of maintaining a sound system of internal audit. The Group in the process of appointing an outsourced internal auditor. In the absence of an internal auditor, Management reviews the internal controls of the Group.

Principle 14: Shareholder Rights

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

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

Principle 15: Communication with Shareholders

The Board is mindful of the obligation to keep shareholders informed of all major developments that affect the Group in accordance with the SGX-ST listing rules.

The Board places great emphasis on investor relations. The Company strives to maintain a high standard of transparency and to promote better investor communications.

Information is communicated to shareholders on a timely basis through:

- annual reports that are prepared and issued to all shareholders within the mandatory period;
- announcements and press releases issued via SGXNET and the press;
- notices of shareholders' meetings are advertised in a newspaper in Singapore;

The Company does not practice selective disclosure as all price sensitive information is always released through SGXNET.

No dividend is declared for FY2015 as the Company is conserving cash and its current priority is to achieve long term growth for the future benefit of its shareholders.

Principle 16: Conduct of Shareholder Meetings

Shareholders are encouraged to attend and participate at the Company's general meetings to ensure a high level of accountability and to stay informed of the Group's strategy and goals. The Board (including the Chairman of the respective Board committees) as well as Management will attend the Company's AGM to address any question that shareholders may have. The external auditors will attend the AGM to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

Voting at general meetings will be conducted by poll thereby allowing all shareholders present or represented at the meeting to vote on a one share, one vote basis. The voting results will be announced via SGXNET after each general meeting

REPORT ON CORPORATE GOVERNANCE

SECURITIES TRANSACTIONS

The Group has adopted a set of code of conduct to provide guidance to its officers regarding dealings in the Company's securities, in compliance with Rule 710 of the Listing Manual of the SGX-ST.

The Group prohibits the Directors and employees to trade in the Company's securities, during the period beginning 1 month and 2 weeks before the date of the announcement of the full year and quarterly results respectively and ending on the date of the announcement of the relevant results. Directors and employees are also advised against dealing in the securities on short-term considerations when they are in possession of any unpublished material price-sensitive information of the Group.

INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy governing procedures for the identification, approval and monitoring of transactions with interested persons. All interested person transactions are subject to review by the AC.

There were no material interested person transactions entered during the financial year ended 31 December 2015.

MATERIAL CONTRACTS

Save for the Service Agreement entered with Sun Bingzhong, to the knowledge of the Directors, there were no material contracts of the Company and its subsidiary corporations involving the interest of any Director or controlling shareholders which are either subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year ended 31 December 2014.

Dated: 4 April 2016

FINANCIAL CONTENTS

21	Directors' Statement
24	Independent Auditors' Report
26	Consolidated Statement of Comprehensive Income
27	Balance Sheets
28	Consolidated Statement of Changes in Equity
29	Consolidated Statement of Cash Flows
30	Notes to the Financial Statements

DIRECTORS' STATEMENT

For the financial year ended 31 December 2015

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

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 26 to 76 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Sun Bingzhong
Wu Guoxing
Zhou Jianxin
Tang Teck Choon (appointed on 30 December 2015)
Zhu Ping (appointed on 19 February 2016)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.12.2015	At 1.1.2015	At 31.12.2015	At 1.1.2015
Company (No. of ordinary shares)				
Sun Bingzhong	4,068,000	4,068,000	280,129,543	280,129,543
Immediate and ultimate holding company – Top Items Assets Ltd (No. of ordinary shares)				
Sun Bingzhong	8,889	8,889	–	–
Wu Guoxing	1,111	1,111	–	–

DIRECTORS' STATEMENT

For the financial year ended 31 December 2015

Directors' interests in shares or debentures (continued)

The directors' interests in the ordinary shares of the Company as at 21 January 2016 were the same as those as at 31 December 2015.

Mr Sun Bingzhong, who by virtue of his interest of not less than 20% of the issued capital of the Company, is deemed to have an interest in the whole of the share capital of the Company's wholly owned subsidiary corporations.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of financial year, or date of appointment if later, or at the end of the financial year.

Share options

During the financial year, no options to take up unissued shares of the Company or its subsidiary corporations were granted and no shares were issued by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations. There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

Audit Committee

The members of the Audit Committee at the end of the financial year were as follows:

Tang Teck Choon (Chairman, Lead Independent Director)
Zhou Jianxin (Independent Director)
Zhu Ping (Independent Director)

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

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2015 before their submission to the Board of Directors, as well as the Independent Auditor's Report on the balance sheet of the Company and the consolidated financial statements of the Group.

The Audit Committee has recommended to the Board that the independent auditor, Nexia TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2015

Independent Auditor

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

Sun Bingzhong
Director

Wu Guoxing
Director

4 April 2016

INDEPENDENT AUDITOR'S REPORT

To the Members of Sunmart Holdings Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Sunmart Holdings Limited (the "Company") and its subsidiary corporations (the "Group") set out on pages 26 to 76, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 December 2015, the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Sunmart Holdings Limited

Emphasis of Matter

We draw attention to Note 2 to the financial statements. The Group is in net current liabilities position of RMB126.6 million (2014: RMB156.0 million) as at 31 December 2015. The Group is dependent on short-term bank borrowings to meet its working capital and operating cash flows requirements. As at 31 December 2015, short-term bank borrowings amounted to RMB395.9 million (2014: RMB329.5 million). These bank borrowings are significantly higher than the Group's cash and cash equivalents of RMB110.5 million (2014: RMB49.3 million) as at 31 December 2015 and are due for repayment within twelve months from the balance sheet date.

These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as going concern and discharge its liabilities in the ordinary course of business. Nevertheless, these financial statements are prepared on a going concern basis because of the following assumptions and measures undertaken:

- (i) The Group is able to continue in its current operational existence and generate sufficient positive cash flows to discharge its liabilities in the normal course of business for the next twelve months.
- (ii) The Group continues to maintain its credit facilities with the relevant financial institutions and has been able to refinance the short-term bank borrowings as and when they fall due. Management is not aware of any adverse circumstances that might cause the financial institutions not to renew the short-term bank borrowings.

If the Group is unable to continue its operational existence and/or unable to maintain its credit facilities, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group may have to reclassify non-current assets as current assets and non-current liabilities as current liabilities. The financial statements do not include any adjustment which may arise from these uncertainties. In forming our opinion, we have considered the adequacy of the disclosure of these matters in the financial statements. Our opinion is not qualified with respect to this matter.

Report on other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Director in-charge: Lee Look Ling
Appointed since financial year ended 31 December 2012

Singapore

4 April 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
Revenue	5	316,354	311,963
Cost of sales		(256,287)	(253,349)
Gross profit		60,067	58,614
Other income	6	4,099	15,215
Other gains/(losses) – net	7	5,576	(2,687)
Expenses			
- Distribution and marketing		(25,706)	(21,432)
- Administrative		(6,344)	(26,149)
- Finance	10	(22,517)	(22,307)
Share of (loss)/profit of associated company	20	(1,279)	732
Profit before income tax		13,896	1,986
Income tax expense	11	–	–
Total comprehensive income for the year and attributable to equity holders of the Company		13,896	1,986
Earnings per share (RMB cents)			
- Basic and diluted	12	3.5	0.5

The accompanying notes form an integral part of these financial statements

BALANCE SHEETS

As at 31 December 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Current assets					
Inventories	13	54,997	58,042	–	–
Trade and other receivables	14	183,519	141,421	9,028	8,772
Cash and cash equivalents	15	110,549	49,302	10	19
		349,065	248,765	9,038	8,791
Non-current assets					
Property, plant and equipment	16	342,135	349,383	–	–
Investment properties	17	22,626	23,244	–	–
Land use rights	18	24,100	24,696	–	–
Investments in subsidiary corporations	19	–	–	126,209	126,209
Investment in an associated company	20	29,453	30,732	–	–
Trade and other receivables	21	–	5,160	–	–
		418,314	433,215	126,209	126,209
Total assets		767,379	681,980	135,247	135,000
LIABILITIES					
Current liabilities					
Trade and other payables	22	79,701	75,287	6,777	5,566
Borrowings	23	395,939	329,483	–	–
		475,640	404,770	6,777	5,566
Non-current liabilities					
Borrowings	23	2,015	1,382	–	–
Total liabilities		477,655	406,152	6,777	5,566
NET ASSETS		289,724	275,828	128,470	129,434
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	24	155,184	155,184	155,184	155,184
Currency translation reserve	25	(193)	(193)	(3,930)	(3,930)
Merger deficit	26	(587)	(587)	–	–
Statutory reserve fund	27	32,467	29,521	–	–
Retained profits/(Accumulated losses)		102,853	91,903	(22,784)	(21,820)
TOTAL EQUITY		289,724	275,828	128,470	129,434

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2015

	Share capital RMB'000	Currency translation reserve RMB'000	Merger deficit RMB'000	Statutory reserve fund RMB'000	Retained profits RMB'000	Total equity RMB'000
Group						
2015						
Beginning of financial year	155,184	(193)	(587)	29,521	91,903	275,828
Total comprehensive income for the financial year	–	–	–	–	13,896	13,896
Transfer to statutory reserve fund	–	–	–	2,946	(2,946)	–
End of financial year	155,184	(193)	(587)	32,467	102,853	289,724
2014						
Beginning of financial year	155,184	(193)	(587)	28,825	90,613	273,842
Total comprehensive income for the financial year	–	–	–	–	1,986	1,986
Transfer to statutory reserve fund	–	–	–	696	(696)	–
End of financial year	155,184	(193)	(587)	29,521	91,903	275,828

Retained profits of the Group are distributable except for accumulated losses of associated company amounting to \$547,000 (2014: retained profits of \$732,000).

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2015

	2015 RMB'000	Group 2014 RMB'000
Cash flows from operating activities		
Net profit	13,896	1,986
Adjustments for:		
- Depreciation of property, plant and equipment	23,808	24,093
- Loss on disposal of property, plant and equipment	31	–
- Depreciation of investment properties	618	616
- Amortisation of land use rights	596	597
- Write-down of inventories	1,168	52
- Dividend income	–	(5,114)
- Interest expense	22,517	22,307
- Interest income	(1,837)	(7,463)
- Share of loss/(profit) of associated company	1,279	(732)
	62,076	36,342
Change in working capital		
- Trade and other receivables	(36,939)	13,761
- Inventories	1,877	532
- Trade and other payables	4,414	(295)
Cash generated from operations	31,428	50,340
Interest paid	(22,517)	(22,307)
Interest received	1,838	7,463
Net cash provided by operating activities	10,749	35,496
Cash flows from investing activities		
Additions to property, plant and equipment	(18,174)	(19,080)
Proceeds from disposal of property, plant and equipment	1,583	–
Purchase of available-for-sale financial assets	–	(10,000)
Dividend received from available-for-sale financial assets	–	5,114
Net cash used in investing activities	(16,591)	(23,966)
Cash flows from financing activities		
Proceeds from borrowings	394,852	323,180
Repayment of borrowings	(327,763)	(533,755)
Short-term bank deposits pledged	(82,330)	(33,930)
Withdrawal of short-term deposits pledged	33,930	239,500
Net cash provided by/(used in) financing activities	18,689	(5,005)
Net increase in cash and cash equivalents	12,847	6,525
Cash and cash equivalents		
Beginning of financial year	15,372	8,847
End of financial year (Note 15)	28,219	15,372

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

The financial statements of the Group and the Company for the financial year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 4 April 2016.

1 Corporate information

Sunmart Holdings Limited (the “Company”) is a limited liability company incorporated in Singapore and is listed on the Main Board of the Singapore Exchange Securities Trading Limited.

The registered office is 112 Robinson Road, #12-04, Singapore 068902. The principal place of business of the Company is No. 26 East North Road, Xiake Town, Jiangyin city, Jiangsu province, People’s Republic of China (PRC).

The Company’s immediate and ultimate holding company is Top Items Assets Ltd., a company incorporated in the British Virgin Islands.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiary corporations are disclosed in Note 19.

2 Going concern assumption

The Group is in net current liabilities position of RMB126.6 million (2014: RMB156.0 million) as at 31 December 2015. The Group is dependent on short-term bank borrowings to meet its working capital and operating cash flows requirements. As at 31 December 2015, short-term bank borrowings amounted to RMB395.9 million (2014: RMB329.5 million). These bank borrowings are significantly higher than the Group’s cash and cash equivalents of RMB110.5 million (2014: RMB49.3 million) as at 31 December 2015 and are due for repayment within twelve months from the balance sheet date.

These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as going concern and discharge its liabilities in the ordinary course of business. Nevertheless, these financial statements are prepared on a going concern basis because of the following assumptions and measures undertaken:

- (i) The Group is able to continue in the current operational existence and generate sufficient positive cash flows to discharge its liabilities in the normal course of business for the next twelve months.
- (ii) The Group continues to maintain its credit facilities with the relevant financial institutions and has been able to refinance the short-term bank borrowings as and when they fall due. Management is not aware of any adverse circumstances that might cause the financial institutions not to renew the short-term bank borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

3 Summary of significant accounting policies

3.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below. The financial statements are presented in Renminbi and have been rounded to the nearest thousand, unless otherwise stated.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2 and Note 4.

Interpretations and amendments to published standards effective in 2015

On 1 January 2015, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

3.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, when it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Sale of goods

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

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Dividend income

Dividend income is recognised when the Company's right to receive payment is established.

(d) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

3 Summary of significant accounting policies (continued)

3.3 Group accounting

(a) *Subsidiary corporations*

(i) *Consolidation*

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

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

(ii) *Acquisitions*

The acquisition method of accounting is used to account for business combinations entered into by the Group, except for business combination under common control.

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

Acquisition-related costs are expensed as incurred.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

3 Summary of significant accounting policies (continued)

3.3 Group accounting (continued)

(a) *Subsidiary corporations (continued)*

(ii) *Acquisitions (continued)*

Acquisition of entities under common control have been accounted for using the pooling-of-interest method. Under this method:

- The financial statements of the Group have been prepared as if the Group structure immediately after the transaction has been in existence since the earliest date the entities are under common control;
- The assets and liabilities are brought into the financial statements at their existing carrying amounts from the perspective of the controlling party;
- The income statements includes the results of the acquired entities since the earliest date the entities are under common control;
- The comparative figures of the Group represent the statement of comprehensive income, statements of cash flows and statement of changes in equity have been prepared as if the combination had occurred from the date when the combining entities or businesses first came under common control;
- The cost of investment is recorded at the aggregate of the nominal value of the equity shares issued, cash and cash equivalents and fair values of other consideration; and
- On consolidation, the difference between the cost of investment and the nominal value of the share capital of the merged subsidiary is taken to restructuring reserve. Cash paid/payable arising from the acquisition under common control is also taken to the merger reserve.

(iii) *Disposals*

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

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

Please refer to the paragraph "Investments in subsidiary corporations and associated company" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

3 Summary of significant accounting policies (continued)

3.3 Group accounting (continued)

(b) *Associated company*

Associated company is an entity over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Investment in an associated company is accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) *Acquisitions*

Investment in associated company is initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated company represents the excess of the cost of acquisition of the associated company over the Group's share of the fair value of the identifiable net assets of the associated company and is included in the carrying amount of the investment.

(ii) *Equity method of accounting*

In applying the equity method of accounting, the Group's share of its associated company's post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated company are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated company are eliminated to the extent of the Group's interest in the associated company. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated company are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) *Disposals*

Investment in associated company is derecognised when the Group loses significant influence. If the retained equity interest in the former associated company is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to the paragraph "Investment in subsidiary corporations and associated company" for the accounting policy on investment in associated companies in the separate financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

3 Summary of significant accounting policies (continued)

3.4 Property, plant and equipment

(a) Measurement

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(b) Depreciation

Depreciation of property, plant and equipment is calculated on a straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Leasehold buildings	20 / 50 years
Renovation	10 years
Motor vehicles	5 years
Plant and equipment	10 years
Office equipment	5 years
Furniture and fittings	5 years
Software	5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in the profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss within "Other gains/(losses), net".

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

3 Summary of significant accounting policies (continued)

3.5 Investment properties

Investment properties include buildings that are held for long-term rental yields and/or for capital appreciation.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using the straight-line method to allocate the depreciable amounts over the estimated useful lives of 40 years. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are included in profit or loss when the changes arise.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

3.6 Land use rights

Land-use rights are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 40 and 50 years, which is the shorter of the estimated useful lives and periods of contractual rights.

3.7 Investments in subsidiary corporations and associated company

Investments in subsidiary corporations and associated company are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

3.8 Impairment of non-financial assets

Property, plant and equipment

Investment properties

Land use rights

Investments in subsidiary corporations and associated company

Property, plant and equipment, investment properties, land use rights and investments in subsidiary corporations and associated company are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

3 Summary of significant accounting policies (continued)

3.8 Impairment of non-financial assets (continued)

Property, plant and equipment

Investment properties

Land use rights

Investments in subsidiary corporations and associated company

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss.

3.9 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction.

3.10 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: loans and receivables. The classification depends on the nature of the assets and the purpose for which the assets were acquired.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" (Notes 14 and 21) and "cash and cash equivalents" (Note 15) on the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

3 Summary of significant accounting policies (continued)

3.10 Financial assets (continued)

(b) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date- the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs.

(d) *Subsequent measurement*

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(e) *Impairment*

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

3.11 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legal enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

3 Summary of significant accounting policies (continued)

3.12 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using weighted average method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses. The amount of any write-down of inventories to net realisable value and all losses of inventories shall be recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

3.13 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and short-term deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

3.14 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

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

3.15 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

3.16 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

3 Summary of significant accounting policies (continued)

3.17 Leases

As lessee – operating leases

The Group leases office under operating lease from non-related parties.

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

As lessor – operating leases

The Group leases investment properties under operating leases to non-related parties.

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

3.18 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

3 Summary of significant accounting policies (continued)

3.19 Employee compensation

Defined contribution plans

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

Singapore

The Company makes contribution to Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

People's Republic of China ("PRC")

The subsidiary corporations, incorporated and operating in the PRC, are required to provide certain retirement plan contribution to their employees under the PRC regulations. Contributions are provided at rates stipulated by the PRC regulations and are managed by government agencies, which are responsible for administering these amounts for the subsidiary corporations' employees.

Contributions to defined contribution retirement plans are recognised as an expense in the period in which the related service is performed.

3.20 Income taxes

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

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

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

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

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

3 Summary of significant accounting policies (continued)

3.20 Income taxes (continued)

- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties.

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

3.21 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Renminbi ("RMB"), which is the functional currency of the Company and have been rounded to the nearest thousand.

(b) Transactions and balances

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

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

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance cost". All other foreign exchange gains and losses impacting profit or loss are presented in profit or loss within "Other gains/(losses), net".

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

3 Summary of significant accounting policies (continued)

3.21 Currency translation (continued)

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) All resulting currency translation differences are recognised in the comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

3.22 Share capital

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

3.23 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3.24 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

3.25 Segment reporting

For the management purposes, the Group is organised into a single operating segment based on its products which is managed by the segment manager responsible for the performance of this segment under his charge. The segment manager reports directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on this segment are shown in Note 31, including the factors used to identify the reportable segment and the measurement basis of segment information.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

4 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Areas involving a higher degree of judgment or complexity, or area where estimates and assumptions are significant to the financial statements are disclosed below:

(a) Impairment of trade and other receivables

An allowance is made for doubtful accounts for estimated losses resulting from the subsequent inability of the customers and third parties to make required payments. If the financial conditions of the customers and third parties were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. Management generally analyses trade receivables and analyses historical bad debt, customer concentrations, and changes in customer and third parties payment terms when evaluating the adequacy of the allowance for impairment loss.

Management reviews its trade and other receivables for objective evidence of impairment at least annually. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments and delivery are considered objective evidence that a receivable is impaired. In determining this, management makes judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the market, economic or legal environment in which the debtor operates in. Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recognised in profit or loss. The carrying amounts of trade and other receivables at the balance sheet date are disclosed in Notes 14 and 21 respectively.

If the net present values of estimated cash flows increase/decrease by 10% (2014: 10%) from management's estimates for all past due trade and other receivables, the Group's allowance for impairment will decrease/increase by RMB2,595,000 and RMB848,000 (2014: RMB2,382,000 and RMB697,000) respectively.

(b) Recoverability of advances paid to suppliers

Write-off of advances paid to suppliers result from the subsequent inability of the suppliers to deliver the goods. If the financial conditions of the suppliers were to deteriorate, resulting in inability to deliver the goods, further write-off of advances paid to suppliers may be required in future periods. Management generally analyses advances paid to suppliers and analyses supplier delivery terms when evaluating the adequacy of write-off of advances paid to suppliers.

Management reviews its advances to suppliers for objective evidence of write-off at least annually. Significant financial difficulties of the supplier, the probability that the supplier will enter bankruptcy, and default or significant delay in delivery are considered objective evidence that advances paid to suppliers is required to be written-off. In determining this, management makes judgements as to whether there is observable data indicating that there has been a significant change in the delivery ability of supplier, or whether there have been significant changes with adverse effect in the market, economic or legal environment in which the supplier operates in. Where there is objective evidence, management makes judgements as to whether write-off of advances paid to suppliers should be recognised in profit or loss. The carrying amount of advances paid to suppliers at the balance date is disclosed in Note 14.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

4 Critical accounting estimates, assumptions and judgements (continued)

(b) Recoverability of advances paid to suppliers (continued)

If the net present values of estimated cash flows increase/decrease by 10% (2014: 10%) from management's estimates for all past due advances paid to suppliers, the Group's write-off of advances paid to suppliers will decrease/increase by RMB6,536,000 (2014: RMB5,355,000).

(c) Useful lives of machinery and equipment

The cost of plant and equipment are depreciated on a straight-line basis over their useful lives, which management estimates to be of 10 years (2014: 10 years).

The Group reviews the residual values and useful lives of plant and machinery at each reporting date in accordance with the accounting policies in Note 3.4.

If the actual useful lives of these plant and equipment differ by 1 year from management's estimates, the carrying amount of the plant and equipment will be increased by RMB1,450,000 (2014: RMB1,493,000) or decreased by RMB1,772,000 (2014: RMB1,827,000) and correspondingly to profit or loss.

(d) Uncertain tax positions

The Group is subject to income tax in the PRC and significant judgement is required in determining the provision for tax. There are transactions and calculations for which the ultimate tax determination is uncertain ("uncertain tax positions"). The Group recognises provisions for tax based on estimates of the taxes that are likely to become due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the current income tax in the period in which such determination is made.

The Group has open tax assessments with the PRC tax authority at the balance sheet date. As management believes that the tax positions are sustainable and the impact would not be significant to the financial statements, the Group has not recognised any additional tax liability on these uncertain tax positions.

Deferred income tax liabilities of RMB12,563,000 (2014: RMB11,372,000) have not been recognised for the withholding and other taxes that will be payable on the earnings of overseas subsidiary corporations when remitted to the holding company. These unremitted earnings are permanently reinvested and amount to RMB125,637,000 (2014: RMB113,723,000) as at the balance sheet date.

5 Revenue

Revenue represents sale of spray products and its incidental products.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

6 Other income

	Group	
	2015	2014
	RMB'000	RMB'000
Rental income from investment properties	777	1,382
Government grants ^(a)	657	658
Interest income from:		
- Bank deposits	1,028	4,228
- Third parties	809	2,835
- Related party	–	400
	1,837	7,463
Dividend income from available-for-sale financial assets	–	5,114
Others	828	598
	4,099	15,215

^(a) There is no condition attached to government grants.

7 Other gains/(losses) – net

	Group	
	2015	2014
	RMB'000	RMB'000
Currency exchange gain/(loss) – net	5,607	(2,687)
Loss on disposal of property, plant and equipment	(31)	–
	5,576	(2,687)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

8 Expenses by nature

	Group	
	2015	2014
	RMB'000	RMB'000
Purchases of inventories	236,479	237,778
Allowance for impairment of trade receivables [Note 29 (b)(i)]	1,139	1,074
Allowance for impairment of other receivables [Note 29 (b)(ii)]	700	2,701
Written back of allowance for impairment of trade receivables [Note 29 (b)(i)]	(5,949)	(1,820)
Depreciation of investment properties (Note 17)	618	616
Amortisation of land use rights (Note 18)	596	597
Depreciation of property, plant and equipment (Note 16)	23,808	24,093
Total allowance, amortisation and depreciation	20,912	27,261
Auditor's remuneration paid/payable to:		
- Auditor of the Company	299	390
- Other auditors*	307	269
Bad debts (recovered)/written off:		
- Trade receivables	5	80
- Advances paid to suppliers	(18,959)	(5,184)
Commission	9,197	5,254
Courier, freight, custom and port charges	8,555	8,567
Directors' fees	358	456
Employees' compensation (Note 9)	20,298	15,604
Entertainment and travelling	273	2,110
Insurance	395	705
Marketing, advertising and exhibition	733	695
Office rental	247	158
Professional and consultancy fees	664	797
Stamp duties and other taxes	1,515	600
Subscription fees	1,134	636
Utilities and office expenses	190	1,064
Write-down of inventories	1,168	52
Other expenses	1,522	3,054
Changes in inventories	3,045	584
Total cost of sales, administrative, distribution and marketing expenses	288,337	300,930

* Includes the network of member firms of Nexia International

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

9 Employees' compensation

	Group	
	2015	2014
	RMB'000	RMB'000
Wages and salaries	13,631	11,178
Employer's contribution to defined contribution plans, including Central Provident Fund ("CPF")	3,986	2,011
Staff welfare	2,681	2,415
	20,298	15,604

10 Finance expenses

	Group	
	2015	2014
	RMB'000	RMB'000
Interest expense on bank loans and borrowings	22,517	22,307

11 Income tax expense

There is no income tax expense for the financial years as the Group did not derive any taxable profit during the financial years.

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using PRC's statutory rate of income tax as explained below:

	Group	
	2015	2014
	RMB'000	RMB'000
Profit before income tax	13,896	1,986
Share of result of associated company, net of tax	1,279	(732)
Profit before tax and share of profit of associated company	15,175	1,254
Tax at the PRC tax rate of 25% (2014: 25%)	3,794	314
Effects of		
- Expenses not deductible for tax purpose	1,208	172
- Tax incentive	(2,631)	(1,293)
- Income not subject to tax	(4,132)	(1,279)
- Deferred tax assets not recognised	1,761	2,086
	-	-

The Group did not recognise deferred income tax assets on carried forward tax losses amounting to RMB21,299,000 (2014: RMB14,252,000) since it is not probable that sufficient taxable profit will be available so that the unused tax losses or unused tax credits can be utilised in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

12 Earnings per share

The calculations of earnings per share are based on the profit and numbers of shares shown below:

	Group	
	2015	2014
	RMB'000	RMB'000
Net profit attributable to owners of the Company	13,896	1,986
Weighted average number of ordinary shares	402,000	402,000
Basic earnings per share (RMB cents)	3.5	0.5

There are no dilutive potential ordinary shares during the financial years ended 31 December 2015 and 2014.

13 Inventories

	Group	
	2015	2014
	RMB'000	RMB'000
Raw materials	10,137	10,215
Work-in-progress	8,488	9,415
Finished goods	36,372	38,412
	54,997	58,042
Consolidated statement of comprehensive income:		
Inventories recognised as an expense in cost of sales	254,482	251,614

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

14 Trade and other receivables – current

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables				
- Non-related parties ⁽¹⁾	101,767	93,902	–	–
Less: Allowance for impairment of trade receivables [(Note 29 (b)(ii))]	(34,988)	(40,309)	–	–
Trade receivables – net	66,779	53,593	–	–
Other receivables				
- Subsidiary corporations ⁽²⁾	–	–	8,948	8,671
- Non-related parties ⁽³⁾	38,790	47,417	80	101
	38,790	47,417	9,028	8,772
Less: Allowance for impairment of other receivables [(Note 29 (b)(ii))]	(6,967)	(6,267)	–	–
Less: Non-current portion (Note 21)	–	(5,160)	–	–
Other receivables – net	31,823	35,990	–	–
Advances paid to suppliers	83,328	47,537	–	–
Deposits	–	2,596	–	–
Prepayments	1,589	1,705	–	–
	183,519	141,421	9,028	8,772

⁽¹⁾ A subsidiary corporation of the Group has factored trade receivables with carrying amount of RMB12,705,000 (2014: Nil) to a bank in exchange for cash during the financial year ended 31 December 2015. The transaction has been accounted for as a collecteralised borrowing as the bank has full recourse to the subsidiary corporation in the event of default by the debtors (Note 23).

⁽²⁾ Non-trade amounts due from subsidiary corporations are unsecured, interest free and repayable on demand.

⁽³⁾ Included in non-trade amounts:

- (a) due from non-related parties amounting to RMB13,642,000 (2014: RMB18,534,000), bear interest ranged from 6.3% p.a. (2014: 6.3% to 10.0%) and is repayable within 1 year (2014: 1 to 2 years). The amount of RMB5,160,000 as at 31 December 2014 was repayable 12 months after balance sheet date which was presented as non-current assets (Note 21).
- (b) due from a non-related party amounting to RMB12,774,000 (2014: RMB16,698,000), is guaranteed by local authority, interest free and repayable within 1 year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

15 Cash and cash equivalents

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank and on hand	28,219	15,372	10	19
Short-term bank deposits	82,330	33,930	–	–
	110,549	49,302	10	19

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2015	2014
	RMB'000	RMB'000
Cash and bank balances (as above)	110,549	49,302
Less: Bank deposits pledged	(82,330)	(33,930)
Cash and cash equivalents per consolidated statement of cash flows	28,219	15,372

Bank deposits are pledged to secure certain trade related financing facilities (Note 23).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

16 Property, plant and equipment

Group	Leasehold buildings RMB'000	Renovation RMB'000	Motor vehicles RMB'000	Plant and equipment RMB'000	Office equipment RMB'000	Furniture and fittings RMB'000	Software RMB'000	Total RMB'000
2015								
Cost								
Beginning of financial year	263,574	5,789	693	247,811	14,467	2,636	9,359	544,329
Additions	-	-	1,042	16,503	129	-	500	18,174
Disposals	-	-	-	(9,473)	-	-	-	(9,473)
End of financial year	263,574	5,789	1,735	254,841	14,596	2,636	9,859	553,030
Accumulated depreciation								
Beginning of financial year	30,826	3,966	623	137,166	12,328	2,371	7,666	194,946
Charge for the year	5,297	325	16	16,905	627	-	638	23,808
Disposals	-	-	-	(7,859)	-	-	-	(7,859)
End of financial year	36,123	4,291	639	146,212	12,955	2,371	8,304	210,895
Net book value								
End of financial year	227,451	1,498	1,096	108,629	1,641	265	1,555	342,135

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

16 Property, plant and equipment (continued)

Group	Leasehold buildings RMB'000	Renovation RMB'000	Motor vehicles RMB'000	Plant and equipment RMB'000	Office equipment RMB'000	Furniture and fittings RMB'000	Software RMB'000	Total RMB'000
2014								
Cost								
Beginning of financial year	263,574	5,508	693	229,187	14,292	2,636	9,359	525,249
Additions	–	281	–	18,624	175	–	–	19,080
End of financial year	263,574	5,789	693	247,811	14,467	2,636	9,359	544,329
Accumulated depreciation								
Beginning of financial year	25,529	3,300	613	121,052	11,070	2,351	6,938	170,853
Charge for the year	5,297	666	10	16,114	1,258	20	728	24,093
End of financial year	30,826	3,966	623	137,166	12,328	2,371	7,666	194,946
Net book value								
End of financial year	232,748	1,823	70	110,645	2,139	265	1,693	349,383

Assets pledged as security

Leasehold buildings and plant and equipment with respective carrying amount of RMB227,451,000 (2014: RMB232,748,000) and RMB Nil (2014: RMB50,581,699) are pledged as security for borrowings as disclosed in Note 23.

Plant and equipment with carrying amount of RMB41,035,632 have been discharged as security during the financial year ended 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

17 Investment properties

	Group	
	2015	2014
	RMB'000	RMB'000
Cost		
Beginning and end of financial year	26,951	26,951
Accumulated depreciation		
Beginning of financial year	3,707	3,091
Depreciation charge	618	616
End of financial year	4,325	3,707
Net book value	22,626	23,244

Investment properties are leased to non-related parties under operating leases (Note 28).

The following amounts are recognised in profit or loss:

Rental income (Note 6)	777	1,382
Direct operating expenses arising from:		
- Investment properties that generate rental income	750	748

The investment properties with carrying amount of RMB22,626,000 (2014:RMB23,244,000) are pledged as security for borrowings as disclosed in Note 23.

At the balance sheet date, the details of the Group's investment properties are as follows:

Location	Description	Existing use	Tenure	Unexpired term of lease
No. 26 East North Road, Xiake Town, Jiangyin city, PRC	Commercial building	Operation of a hotel	40 years	Expiring on 7 November 2047

Fair value hierarchy – Recurring fair value measurement

Description	Fair value measurements using		
	Quoted prices in active markets for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
31 December 2015			
- Residential building – PRC	–	31,940	–
31 December 2014			
- Residential building - PRC	–	33,130	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

17 Investment properties (continued)

Value techniques used to derive Level 2 fair values

Level 2 fair values of the Group's properties have been generally derived using direct market comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is selling price per square metre.

There were no changes in valuation techniques during the financial year.

Valuation processes of the Group

The Group engages external, independent and qualified valuers to determine the fair value of the group's properties at the end of every financial year based on the properties' highest and best use. As at 31 December 2015 and 2014, the fair values of the properties have been determined by Jiangsu Guoheng Real Estate Appraiser & Consulting Co., Ltd.

18 Land use rights

	Group	
	2015	2014
	RMB'000	RMB'000
Cost		
Beginning and end of financial year	29,212	29,212
Accumulated amortisation		
Beginning of financial year	4,516	3,919
Amortisation charge	596	597
End of financial year	5,112	4,516
Net book value	24,100	24,696

The land use rights represent four plots of state-owned land in People's Republic of China ("PRC") where the Group's PRC manufacturing and production plant and an office building are situated. The amortisation of land use rights is included in the "Cost of sales" and "Administrative expenses" in the consolidated statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

18 Land use rights (continued)

Details of the intangible assets as at 31 December 2015 are as follows:

Subsidiary corporations	Location	Approximate land area (sq.m.)	Tenure	Use
Wuxi Sunmart Plastic Co., Ltd	East side, WaiHuan Road, Huangtang, Xiake Town, Jiangyin city, Jiangsu Province	13,234	From 19 March 2007 to 30 December 2056	Non-residential, industrial building site
Wuxi Sunmart Plastic Co., Ltd	South side, WaiHuan Road, Huangtang, Xiake Town, Jiangyin city, Jiangsu Province	1,624	From 10 November 2007 to 7 November 2047	Non-residential, industrial building site
Wuxi Sunmart Technology Co., Ltd	Fangyuan Village Xiake Town, Jiangyin city, Jiangsu Province	66,538	From 29 March 2007 to 11 January 2057	Non-residential, industrial building site
Wuxi Sunmart Technology Co., Ltd	North side, Fangyuan Road, Huangtang, Xiake Town, Jiangyin city, Jiangsu Province	53,333	From 20 December 2007 to 16 December 2057	Non-residential, industrial building site

The intangible assets with carrying amount of RMB24,100,000 (2014: RMB24,696,000) are pledged as security for borrowings as disclosed in Note 23.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

19 Investments in subsidiary corporations

	Company	
	2015 RMB'000	2014 RMB'000
Equity investments, at cost	122,614	122,614
Currency translation difference	3,595	3,595
	126,209	126,209

The currency translation difference arises from the change in the Company's functional currency from Singapore dollars to RMB as disclosed in Note 25.

Significant restrictions

Cash and short-term deposits of RMB110,539,000 (2014: RMB49,283,000) are held in the People's Republic of China and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

Details of subsidiary corporations are as follows:

Name of subsidiary corporations	Principal activities	Country of Business/ Incorporation	Proportion of ordinary shares directly held by parent	
			2015 %	2014 %
Wuxi Sunmart Plastic Co., Ltd ^(a)	Manufacture of plastic products such as spray pumps and spray valves and the sale of self-produced products	People's Republic of China	100	100
Wuxi Sunmart Technology Co., Ltd ^(a)	Research, development and production of spray pumps, spray valves and other plastic products; aluminium cans and sale of self-produced products	People's Republic of China	100	100

^(a) Audited by Shanghai Nexia TS Certified Public Accountants.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

20 Investment in an associated company

	Group	
	2015	2014
	RMB'000	RMB'000
Equity investment at cost	30,000	30,000
Beginning of financial year	30,732	–
Reclassified from available-for-sale financial assets	–	30,000
Share of (loss)/profit of associated company	(1,279)	732
End of financial year	29,453	30,732

On 5 January 2014, the Group acquired another 14% of equity interest in Jiangyin Fu Yu Nong Cun Micro-credit Co., Ltd (“Jiangyin Fu Yu Nong Cun”) with a cash consideration of RMB10,000,000. The total equity interest in Jiangyin Fu Yu Nong Cun was increased to 23% and became an associated company of the Group as the Group has significant influence over Jiangyin Fu Yu Nong Cun.

Set out below is the associated company of the Group as at 31 December 2015 and 2014, which, in the opinion of the directors, is material to the Group. The associated company as listed below has share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation is also its principal place of business.

Details of associated company are as follows:

Name of associated company	Principal activities	Country of incorporation	% of ownership interest	
			2015	2014
Jiangyin Fu Yu Nong Cun Micro-credit Co., Ltd ^(a)	Provision of small scale financing	People's Republic of China	23%	23%

^(a) Not required to be audited

There are no contingent liabilities relating to the Group's interest in the associated company.

The summarised financial information of the associated company, not adjusted for the proportion of ownership interest held by the Group, is as follows:

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

20 Investment in an associated company (continued)

Summarised balance sheet

	2015 RMB'000	2014 RMB'000
Current assets	86,960	124,210
Includes:		
- Cash and cash equivalents	6,000	2,099
Current liabilities	(2,879)	(5,587)
Includes:		
- Financial liabilities (excluding trade and other payables)	(12)	(1,007)
Non-current assets	57,212	28,213
Non-current liabilities	(1,292)	(1,292)
Includes:		
- Financial liabilities	(1,292)	(1,292)
Net assets	140,001	145,544

Summarised statement of comprehensive income

	2015 RMB'000	2014 RMB'000
Revenue	13,650	22,711
Expenses		
Includes:		
- Depreciation	85	104
(Loss)/Profit before income tax	(5,543)	4,044
Income tax expense	-	(873)
Total comprehensive (loss)/income, representing net (loss)/profit	(5,543)	3,171

The information above reflects the amounts presented in the financial statements of the associate (and not the Group's share of those amounts), adjusted for difference in accounting policies between the Group and the associated company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

20 Investment in an associated company (continued)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in associated company, is as follows:

	2015 RMB'000	2014 RMB'000
Net assets		
At 1 January/acquisition date	145,544	142,373
Post-acquisition (loss)/profit for the year	(5,543)	3,171
At 31 December	140,001	145,544
Interest in associated company (23%)	32,196	33,475
Bargain purchase	(2,743)	(2,743)
Carrying value of Group's interest in associated company	29,453	30,732

21 Trade and other receivables – non-current

	Group 2015 RMB'000	2014 RMB'000
Non-trade receivables		
- non-related parties (Note 14)	–	5,160

The fair value of non-current other receivables is computed based on cash flows discounted at market borrowing rates. The fair values are within level 2 of the fair values hierarchy. The fair value and the market borrowing rates used are as follows:

	Fair value		Borrowing rate	
	2015 RMB'000	2014 RMB'000	2015 %	2014 %
Non-trade receivables	–	4,905	–	5.6

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

22 Trade and other payables

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables				
- Non-related parties	26,466	17,601	—	—
Other payables				
- Non-related parties	13,673	20,360	518	—
Accrued for operating expenses	28,659	28,401	680	1,658
Advances from customers	5,324	5,017	—	—
Amount due to a director	5,579	3,908	5,579	3,908
	53,235	57,686	6,777	5,566
	79,701	75,287	6,777	5,566

Non-trade amount due to a director is unsecured, interest free and repayable on demand.

23 Borrowings

	Group	
	2015	2014
	RMB'000	RMB'000
<u>Current</u>		
Bank borrowings	315,839	242,383
Notes payables	80,100	87,100
	395,939	329,483
<u>Non-current</u>		
Bank borrowings	2,015	1,382
Total borrowings	397,954	330,865

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

23 Borrowings (continued)

The exposure of the above borrowings of the Group to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
6 months or less	235,620	131,100
6 - 12 months	160,319	198,383
1 - 5 years	2,015	1,382
	397,954	330,865

Bank borrowings of the Group are secured over leasehold buildings, plant and equipment of the Group (Note 16), investment properties of the Group (Note 17), land-use rights of the Group (Note 18), certain trade receivables of the Group (Note 14), certain short-term bank deposits of the Group (Note 15) and joint and several guarantee from third parties, a connected person to a director of the Group, a director of the Group and a subsidiary corporation.

Notes payables of the Group are secured by certain short-term bank deposits of the Group (Note 15).

The fair values of the non-current borrowings are determined from the cash flows analyses, discounted at market borrowings rates of an equivalent instrument at the balance sheet date which the directors expect to be available to the Group as follows:

	Fair value		Borrowing rate	
	2015	2014	2015	2014
	RMB'000	RMB'000	%	%
Bank borrowings	1,974	1,319	4.8	5.6

The fair values are within level 2 of the fair values hierarchy.

24 Share capital

	Group and Company	
	No. of ordinary shares '000	Amount RMB'000
2015		
Beginning and end of financial year	402,000	155,184
2014		
Beginning and end of financial year	402,000	155,184

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

25 Currency translation reserve

	Group		Company	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Beginning and end of financial year	(193)	(193)	(3,930)	(3,930)

The translation reserve represents exchange differences arising from the translation of the financial statements of the Company whose functional currency was different from the Company's presentation currency prior to 1 April 2010.

With effect from 1 April 2010, the functional currency of the Company changed from Singapore dollars to RMB due to changes in the underlying transactions, events and conditions relevant to the Company. The effect of the change in functional currency of the Company was accounted for prospectively.

26 Merger deficit

The merger deficit arose from the difference between the purchase consideration and the carrying value of the assets combined under the pooling-of-interests method of accounting in the restructure exercise undertaken in the financial year ended 2006.

27 Statutory reserve fund

	Group	
	2015 RMB'000	2014 RMB'000
Beginning of financial year	29,521	28,825
Transfer from retained profits	2,946	696
End of financial year	32,467	29,521

(a) Statutory reserve fund ("SRF")

In accordance with the "Law of the PRC on Enterprise Operated Exclusively with Foreign Capital" and the subsidiary corporation's Articles of Association, the subsidiary corporation, a wholly foreign-owned enterprise must make appropriation to SRF. At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF. If the cumulative total of the SRF reaches 50% of the subsidiary corporation's registered capital, the subsidiary corporation will not be required to make any further appropriation. Subject to approval from the relevant PRC authorities, the SRF may be used to reduce any losses incurred or for capitalisation as paid-up capital. The SRF is not available for dividend distribution to shareholders. From financial year ended 31 December 2010 onwards, Sunmart Plastic no longer contributes 10% of the statutory after tax profits to SRF as the cumulative total of the SRF has reached 50% of the subsidiary corporation's registered capital.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

27 Statutory reserve fund (continued)

(b) Employee welfare fund

In accordance with the "Foreign Enterprise Economic Law", the subsidiary corporation, a wholly foreign-owned enterprise should make appropriation of the statutory after tax profits in accordance with the applicable PRC accounting standards and regulations to a SRF as employee welfare fund. During the financial year, the subsidiary corporations have contributed 5% of the statutory after tax profits (2014: 5%) to SRF as employee welfare fund.

28 Commitments

Operating lease commitments – as lessor

The Group leased out its investment properties to non-related parties under non-cancellable operating lease agreements. The lease has remaining lease term of seven years. The operating lease does not contain any escalation clause and does not provide for contingent rent.

The future aggregate minimum lease receivable under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables are as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
Future minimum lease payments		
- Not later than one year	518	1,154
- Later than one year but not later than five years	556	2,368
- Later than five years	29	29
	1,103	3,551

29 Financial risk management

Financial risk factors

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. This includes establishing policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

29 Financial risk management (continued)

(a) Market risk

(i) *Currency risk*

The Group operates in the PRC with most of the transactions settled in RMB. However, the Group sells to overseas customers in United States Dollar ("USD"), Euro ("EUR") and Singapore Dollar ("SGD"), it is therefore exposed to currency risk. The Group is not exposed to significant currency risk on its receivable from/payable to subsidiary corporations.

The Group's currency exposure based on the information provided to key management is as follows:

	RMB RMB'000	USD RMB'000	EUR RMB'000	SGD RMB'000	Total RMB'000
At 31 December 2015					
Financial assets:					
Cash and cash equivalents	108,628	1,797	121	3	110,549
Trade and other receivables	41,909	54,840	1,773	80	98,602
	150,537	56,637	1,894	83	209,151
Financial liabilities:					
Borrowings	388,152	9,802	–	–	397,954
Trade and other payables	67,600	–	–	6,777	74,377
	455,752	9,802	–	6,777	472,331
Net financial (liabilities)/ assets	(305,215)	46,835	1,894	(6,694)	(263,180)
Currency exposure of financial assets/ (liabilities), net of those denominated in the respective entities' functional currencies	–	46,835	1,894	(6,694)	42,035

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

29 Financial risk management (continued)

(a) Market risk (continued)

(i) *Currency risk (continued)*

The Group's currency exposure based on the information provided to key management is as follows (continued):

	RMB RMB'000	USD RMB'000	EUR RMB'000	SGD RMB'000	Total RMB'000
At 31 December 2014					
Financial assets:					
Cash and cash equivalents	44,304	4,942	44	12	49,302
Trade and other receivables	49,980	44,029	3,229	101	97,339
	<u>94,284</u>	<u>48,971</u>	<u>3,273</u>	<u>113</u>	<u>146,641</u>
Financial liabilities:					
Borrowings	330,865	–	–	–	330,865
Trade and other payables	64,704	–	–	5,566	70,270
	<u>395,569</u>	<u>–</u>	<u>–</u>	<u>5,566</u>	<u>401,135</u>
Net financial (liabilities)/ assets	<u>(301,285)</u>	<u>48,971</u>	<u>3,273</u>	<u>(5,453)</u>	<u>(254,494)</u>
Currency exposure of financial assets/ (liabilities), net of those denominated in the respective entities' functional currencies	<u>–</u>	<u>48,971</u>	<u>3,273</u>	<u>(5,453)</u>	<u>46,791</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

29 Financial risk management (continued)

(a) Market risk (continued)

(i) *Currency risk (continued)*

The Company's currency exposure based on the information provided to key management is as follows:

	RMB RMB'000	USD RMB'000	SGD RMB'000	Total RMB'000
At 31 December 2015				
Financial assets:				
Cash and cash equivalents	–	7	3	10
Trade and other receivables	8,948	–	80	9,028
	8,948	7	83	9,038
Financial liabilities:				
Trade and other payables	–	–	6,777	6,777
Net financial assets/(liabilities)	8,948	7	(6,694)	2,261
Currency exposure of financial assets/ (liabilities), net of those denominated in the respective entities' functional currencies	–	7	(6,694)	(6,687)
At 31 December 2014				
Financial assets:				
Cash and cash equivalents	–	7	12	19
Trade and other receivables	8,671	–	101	8,772
	8,671	7	113	8,791
Financial liabilities:				
Trade and other payables	–	–	5,566	5,566
Net financial assets/(liabilities)	8,671	7	(5,453)	3,225
Currency exposure of financial assets/ (liabilities), net of those denominated in the respective entities' functional currencies	–	7	(5,453)	(5,446)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

29 Financial risk management (continued)

(a) Market risk (continued)

(i) *Currency risk (continued)*

If the USD, EUR and SGD changes against the RMB by 10% (2014: 10%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position to the net profit of the Group and the Company will be as follows:

	Increase/(Decrease)			
	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
<u>Group</u>				
USD against RMB				
- Strengthened	3,513	3,673	1	1
- Weakened	(3,513)	(3,673)	(1)	(1)
EUR against RMB				
- Strengthened	142	245	—	—
- Weakened	(142)	(245)	—	—
SGD against RMB				
- Strengthened	(502)	(409)	(502)	(409)
- Weakened	502	409	502	409

(ii) *Price risk*

The Group and the Company do not have exposure to equity price risk as it does not hold equity financial assets.

(iii) *Cash flow and fair value interest rate risk*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's interest rate risk mainly arises from bank loans at fixed interest rates. The Group manages its interest rate risk by keeping bank loans to the minimum required to sustain the operations of the Group.

If the interest rates increase/decrease by 1% (2014: 1%) with all other variables including tax rate being held constant, net profit of the Group would have been lower/higher by RMB3,979,540 (2014: RMB3,308,650) as a result of higher/lower interest expenses on these borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

29 Financial risk management (continued)

(b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company manage credit risk by dealing with creditworthy counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets.

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the balance sheet date is as follows:

	Group			
	2015		2014	
	RMB'000	% of total	RMB'000	% of total
By geographical areas:				
People's Republic of China	16,623	24.9%	13,465	25.1%
United Arab Emirates	17,458	26.1%	14,211	26.5%
United States of America	15,902	23.8%	11,563	21.6%
Spain	3,959	5.9%	4,407	8.2%
United Kingdom	4,895	7.3%	1,194	2.2%
Others	7,942	12.0%	8,753	16.4%
	66,779	100%	53,593	100%

As at 31 December 2015, approximately 62% (2014: 52%) or RMB41,356,817 (2014: RMB27,945,705) of the Group's trade receivables were due from 2 major customers (2014: 2 major customers).

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and short term deposits balances that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

29 Financial risk management (continued)

(b) Credit risk (continued)

Financial assets that are either past due or impaired

There is no other class of financial assets that is past due and / or impaired except for trade and other receivables.

(i) The age analysis of trade receivables past due but not impaired is as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
Past due within a year	20,175	23,214
Past due more than a year	5,777	606
	25,952	23,820

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

	Group	
	2015	2014
	RMB'000	RMB'000
Past due within a year	24,182	26,672
Past due more than a year	24,818	23,602
	49,000	50,274
Less: Allowance for impairment	(34,988)	(40,309)
	14,012	9,965

	Group	
	2015	2014
	RMB'000	RMB'000
Beginning of financial year	(40,309)	(41,055)
Allowance made (Note 8)	(1,139)	(1,074)
Allowance written back (Note 8)	5,949	1,820
Written off	511	–
End of financial year (Note 14)	(34,988)	(40,309)

The impaired trade receivables arise mainly from sales to customers which have liquidity problems and have delayed payment of its debts.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

29 Financial risk management (continued)

(b) Credit risk (continued)

(ii) The age analysis of other receivables past due but not impaired is as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
Past due within a year	5,000	6,974
Past due more than a year	3,482	—
	8,482	6,974

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

	Group	
	2015	2014
	RMB'000	RMB'000
Past due within a year	400	—
Past due more than a year	6,567	6,267
	6,967	6,267
Less: Allowance for impairment	(6,967)	(6,267)
	—	—

	Group	
	2015	2014
	RMB'000	RMB'000
Beginning of financial year	(6,267)	(3,566)
Allowance made (Note 8)	(700)	(2,701)
End of financial year (Note 14)	(6,967)	(6,267)

The impaired other receivables arise mainly from non-trade amounts due from non-related parties which have delayed payment of its debts.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

29 Financial risk management (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and Company monitors its liquidity risk and maintains adequate liquid financial assets and stand-by credit facilities with different banks to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

As at 31 December 2015, the Group's and the Company's financial liabilities will mature in less than one year, except for non-current borrowings.

The table below analyses the maturity profile of the Group's and Company's financial liabilities based on contractual undiscounted cash flows.

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
<u>Less than one year</u>				
Trade and other payables	79,701	75,287	6,777	5,566
Borrowings	402,410	340,694	–	–
	482,111	415,981	6,777	5,566
<u>Between one year and two years</u>				
Borrowings	2,068	1,393	–	–

(d) Capital risk

The primary objective of the Group's capital management is to safeguard the Company's ability to continue as a going concern and to maintain an optimal structure so as to maximise shareholder value.

The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

As disclosed in Note 27, the subsidiary corporations of the Group is required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

29 Financial risk management (continued)

(d) Capital risk (continued)

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Net debt	367,106	356,850	6,767	5,547
Total equity	257,257	246,307	128,470	129,434
Total capital	624,363	603,157	135,237	134,981
Gearing ratio	58.8%	59.2%	5.0%	4.1%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2015 and 2014.

(e) Fair value measurements

The carrying amount less impairment provision of trade and other receivables and payables are assumed to approximate their fair values. The fair value of current borrowings approximates their carrying amount.

(f) Financial Instruments by category

The carrying amount of the different categories of financial instruments is disclosed as follows:

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Loans and receivables	227,117	146,641	9,038	8,791
Financial liabilities at amortised cost	472,331	401,135	6,777	5,566

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

30 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transaction took place between the Group and related party at terms agreed between the parties:

	Group	
	2015	2014
	RMB'000	RMB'000
(a) Proceeds from disposal of property, plant and equipment to a related party	1,583	–

Other related party mainly company which is controlled by the Group's key management personnel.

- (b) Compensation of key management personnel

	Group	
	2015	2014
	RMB'000	RMB'000
Wages and salaries	2,879	2,385
Contribution to defined contribution plans	156	148
Directors' fees	358	456
	3,393	2,989

The remuneration of key management personnel is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

31 Segment information

As the Group has only one operating segment which relates to the manufacture and sale of spray pumps and its incidental products, there is no other segment information.

Geographical information

Revenue and non-current assets information based on the location of customers and assets respectively are as follows:

	People's Republic of China RMB'000	United States of America RMB'000	United Arab Emirates RMB'000	Spain RMB'000	United Kingdom RMB'000	Others RMB'000	Total RMB'000
2015							
Revenue	131,717	59,637	34,183	8,273	10,149	72,395	316,354
Non-current assets	418,314	–	–	–	–	–	418,314
2014							
Revenue	126,821	51,729	33,833	14,968	10,385	74,227	311,963
Non-current assets	428,055	–	–	–	–	–	428,055

Non-current assets information presented above consist of property, plant and equipment, investment properties, land use rights and investment in an associated company as presented in the balance sheets.

Revenue of RMB136,009,052 (2014: RMB127,167,127) are derived from 2 external customers.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

32 New or revised accounting standards and interpretations

Below are the mandatory standards and amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2016 and which the group has not early adopted.

Effective for annual periods beginning on or after 1 January 2016

- FRS 114 Regulatory Deferral Accounts
- Amendments to FRS 1 Disclosure Initiative
- Amendments to FRS 27 Equity Method in Separate Financial Statements
- Amendments to FRS 16 and FRS 38 Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to FRS 16 and FRS 41 Agriculture: Bearer Plants
- Amendments to FRS 111 Accounting for Acquisitions of Interests in Joint Operations
- Amendments to FRS 110, FRS 112 and FRS 28 Investment Entities: Applying the Consolidation Exception
- Improvements to FRSs (November 2014)
 - Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations
 - Amendments to FRS 107 Financial Instruments: Disclosures
 - Amendment to FRS 19 Employee Benefits
 - Amendment to FRS 34 Interim Financial Reporting

Effective for annual periods beginning on or after 1 January 2018

- FRS 115 Revenue from Contracts with Customers
- FRS 109 Financial Instruments

Effective date: to be determined*

- Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

* The mandatory effective date of this Amendment had been revised from 1 January 2016 to a date to be determined by the Accounting Standards Council Singapore (ASC) in December 2015 via Amendments to Effective Date of Amendments to FRS 110 and FRS 28.

The management anticipates that the adoption of the above FRS and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

SHAREHOLDERS' INFORMATION

As at 21 March 2016

Number of Issued Shares : 402,000,000
Class of shares : Ordinary Shares
Voting Rights : One Vote per Share

The Company does not hold any treasury shares as at 21 March 2016

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 – 99	0	0.00	0	0.00
100 – 1,000	179	15.69	178,250	0.04
1,001 – 10,000	447	39.17	2,205,750	0.55
10,001 – 1,000,000	501	43.91	36,144,000	8.99
1,000,001 AND ABOVE	14	1.23	363,472,000	90.42
TOTAL	1,141	100.00	402,000,000	100.00

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 21 March 2016)

	Direct Interest	%	Deemed Interest	%
Top Items Assets Ltd	280,129,543	69.68	–	–
Sun Bingzhong	4,068,000 ⁽¹⁾	1.01	280,129,543 ⁽²⁾	69.68
Robert Alexander Stone	24,124,000	6.00	–	–

Notes:

- (1) Mr Sun Bingzhong's direct interest relates to 4,068,000 shares held by RHB Securities Singapore Pte. Ltd. as bare trustee.
- (2) Mr Sun Bingzhong is deemed to be interested in the shares held by Top Items Assets Ltd by virtue of his equity interest in Top Items Assets Ltd pursuant to Section 7 of the Companies Act, Cap. 50.

SHAREHOLDERS' INFORMATION

As at 21 March 2016

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	TOP ITEMS ASSETS LTD.	280,129,543	69.68
2	STONE ROBERT ALEXANDER	27,200,000	6.77
3	PHILLIP VENTURES ENTERPRISE FUND LTD	11,770,457	2.93
4	RAFFLES NOMINEES (PTE) LIMITED	10,054,000	2.50
5	CHEN WENTAO	6,419,000	1.60
6	LOI PENG SOON	6,150,000	1.53
7	RHB SECURITIES SINGAPORE PTE. LTD.	5,145,000	1.28
8	HSBC (SINGAPORE) NOMINEES PTE LTD	3,000,000	0.75
9	PHILLIP SECURITIES PTE LTD	2,954,000	0.73
10	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,900,000	0.72
11	LIM BEE LENG	2,700,000	0.67
12	ONG CHINYAM IAN	2,000,000	0.50
13	DAVID REGINALD KIRKWOOD	1,950,000	0.49
14	TOE TEOW HENG	1,100,000	0.27
15	KWANG WAY KIM	1,000,000	0.25
16	WAI LIN MCWHINNEY @ POW WAI LIN	1,000,000	0.25
17	CITIBANK NOMINEES SINGAPORE PTE LTD	892,000	0.22
18	TANTHIAM SENG	880,000	0.22
19	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	817,000	0.20
20	MAYBANK KIM ENG SECURITIES PTE. LTD.	807,000	0.20
TOTAL		368,868,000	91.76

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Approximately 22.54% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

(Company Registration No. 200600432W)
(Incorporated in Singapore with limited liability)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Sunmart Holdings Limited ("the Company") will be held at Level 11, The Finexis Building, 108 Robinson Road, Singapore 068900 on Friday, 29 April 2016 at 2.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended 31 December 2015 together with the Auditors' Report thereon. **(Resolution 1)**
2. To re-elect the following Directors of the Company retiring pursuant to Article 88 of the Constitution of the Company:

Mr Tang Teck Choon **(Resolution 2)**
Mr Zhu Ping **(Resolution 3)**

Mr Tang Teck Choon will, upon re-election as Director of the Company, remain as Chairman of the Audit Committee and member of the Remuneration and Nominating Committees and will be considered independent.

Mr Zhu Ping will, upon re-election as a Director of the Company, remain as a member of the Audit, Remuneration and Nominating Committees and will be considered independent.
3. To re-elect Mr Wu Guoxing retiring pursuant to Article 89 of the Constitution of the Company. **(Resolution 4)**
4. To approve the payment of Directors' fees of S\$65,500 for the year ending 31 December 2016, to be paid quarterly in arrears. (2015: S\$79,000). **(Resolution 5)**
5. To re-appoint Messrs Nexia TS Public Accounting Corporation as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 6)**
6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

By Order of the Board

Zhou Jiamin
Company Secretary
Singapore, 14 April 2016

NOTICE OF ANNUAL GENERAL MEETING

(Company Registration No. 200600432W)

(Incorporated in Singapore with limited liability)

Notes:

1. A Member who is not a relevant intermediary, is entitled to appoint not more than two proxies to attend and vote in his/her stead at the Annual General Meeting (the "Meeting").
2. A Member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such Member.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.
3. A proxy need not be a Member of the Company.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 112 Robinson Road, #12-04, Singapore 068902 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

Personal data privacy:

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

SUNMART HOLDINGS LIMITED

(Company Registration No. 200600432W)

(Incorporated In The Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy SUNMART HOLDINGS LIMITED's shares, this Annual Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, _____

of _____

being a member/members of SUNMART HOLDINGS LIMITED (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on Friday, 29 April 2016 at 2.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/ their discretion, as he/she/they will on any other matter arising at the Meeting and at any adjournment thereof. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

No.	Resolutions relating to:	Number of Votes For ⁽¹⁾	Number of Votes Against ⁽¹⁾
1	Directors' Statement and Audited Financial Statements for the year ended 31 December 2015		
2	Re-election of Mr Tang Teck Choon as a Director		
3	Re-election of Mr Zhu Ping as a Director		
4	Re-election of Mr Wu Guoxing as a Director		
5	Approval of Directors' fees amounting to S\$65,500 for the financial year ending 31 December 2016		
6	Re-appointment of Messrs Nexia TS Public Accounting Corporation as Auditors		

⁽¹⁾ If you wish to exercise all your votes "For" or "Against", please tick within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2016

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

*Delete where inapplicable



Notes :

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Future Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, he/she shall specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion is specified, the first named proxy shall be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named proxy.
4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

“Relevant intermediary” means:

- (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
 6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 112 Robinson Road, #12-04, Singapore 068902 not less than 48 hours before the time appointed for the Meeting.
 7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
 8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 14 April 2016.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Sun Bingzhong
Executive Chairman & Chief Executive Officer

Wu Guoxing
Executive Director

Zhou Jianxin
Independent Director

Zhu Ping
Independent Director

Tang Teck Choon
Lead Independent Director

AUDIT COMMITTEE

Tang Teck Choon (Chairman)
Zhou Jianxin
Zhu Ping

NOMINATING COMMITTEE

Zhou Jianxin (Chairman)
Sun Bingzhong
Tang Teck Choon
Zhu Ping

REMUNERATION COMMITTEE

Zhou Jianxin (Chairman)
Tang Teck Choon
Zhu Ping

COMPANY SECRETARY

Zhou Jiamin

REGISTERED OFFICE

112 Robinson Road, #12-04
Singapore 068902

COMPANY REGISTRATION NUMBER

200600432W

PRINCIPAL PLACE OF BUSINESS ADDRESS

112 Robinson Road, #12-04
Singapore 068902
Main Line: (65) 6220 9070
Fax Line: (65) 6223 9177

No. 268 Huangtang East Road, Xiake Town,
Jiangyin City
Jiangsu Province, PRC
Main Line: (86) 510-86530115
Fax Line: (86) 510-86534300

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623
Tel: (65) 6536 5355
Fax: (65) 6536 1360

PRINCIPAL BANKERS

Agricultural Bank of China (Huang Tang Branch)
No. 8 North Jinfeng Road, Xiake Town, Jiangyin City
Jiangsu Province, PRC

China Construction Bank (Jianyin Sub-Branch)
No.63 Middle Jinfeng Road, Xiake Town, Jiangyin City
Jiangsu Province, PRC

AUDITORS

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants
100 Beach Road Shaw Tower #30-00
Singapore 189702
Director-in-charge: Lee Look Ling
(Since financial year ended 31 December 2012)



SUNMART HOLDINGS LIMITED
圣马控股有限公司

Registered Office

112 Robinson Road #12-04

Singapore 068902

Tel: 65 6220 9070

Fax: 65 6223 9177