中理集團
SUNPOWER GROUP LTD.

ANNUAL REPORT 2015

Contents

CORPORATE **PROFILE**

A SPECIALIST IN ENERGY SAVING, ENERGY-EFFICIENCY AND ENVIRONMENTAL PROTECTION BUSINESS

Sunpower Group was established in April 1997, listed on SESDAQ in March 2005 and was subsequently upgraded to the Mainboard in August 2007. The Group is a one-stop solution provider for energy conservation, waste-to-energy and renewable energy projects which specialises in the designing, Research and Development ("R&D") and manufacture of energy conservation products in China. Its main businesses include environmental equipment manufacturing, EPC Integrated Solutions and Green investments with Build-Operate-Transfer ("BOT")/Transfer-Operate-Transfer ("TOT")/Build-Operate-Own ("BOO") models. These are tailored for industries, including petrochemical, coal chemical, chemical, polysilicon, Liquefied Natural Gas ("LNG"), sulfur recovery, pharmaceutical, tobacco, metallurgical and transportation.

Starting from making pipe supports, Sunpower enhanced its product variety by offering heat exchangers and pressure vessels in 1998. The Group went on to develop heat pipes and heat pipe exchangers in 1999 for the recovery of waste heat in petrochemical, steel and chemical projects; as well as proprietary environment-friendly and energy saving and environmental protection systems for the recovery of petrochemical by-products contained in the flare gas generated during the production process in a petrochemical refinery. The thermal pile developed by the Group possesses a one-way heat transfer capability that can be used vastly to solve existing frost soil problems in railways, highways, caves, tunnels, and fixed and moveable power stacks. In addition, the Group has also achieved favourable results in its expansion in the Zero Liquid Discharge ("ZLD") and sulphur recovery market. In 2015, the Group enters into the centralised steam and electricity, and photovoltaic power generation industry. Going forward, the Group will focus on investment in green areas such as smog governance, environmental protection and clean energy etc.

Apart from its leading position in the domestic market with a reputable brand, the Group has established a well-diversified global customer base by exporting products to overseas countries and regions such as the United States, Europe, Australia, Southeast Asia, South Asia, Central Asia, North America, South America and the Middle East. Among Sunpower's key customers comprises international companies such as BP, BASF, Mobil, SABIC, Dow, Technip, Celanese, Shell, Lanxess, CTCI, Samsung, Hyundai, TOYO, Mitsubishi and their joint ventures in China; and domestic conglomerates such as CNPC, China Petrochemical Corporation (Sinopec), CNOOC, ChemChina, CREC, Shenhua Group, HQCEC, GCL-Poly, etc. In particular, Sunpower has been designated as a supply network member of China Petrochemical Corporation (Sinopec) Materials and Equipment Department, and the first-tier supplier of CNPC. In 2015, we signed the Enterprise Framework Agreement (EFA) with Shell Global Solutions International B.V. ("Shell") making Sunpower the only supplier to Shell from Asia for flare systems and also one of the three suppliers for such systems worldwide.

After years of providing outstanding services, Sunpower has established a reputable brand name in the market. In 2010, the Group won the "Technology Innovation Achievement Award" from the China Association for Quality (CAQ) for its development and application of energy-efficient heat exchangers. In 2012, the Group's brand was awarded with the "China Renowned Trademark" by the Trademark Office of The State Administration for Industry & Commerce of the People's Republic of China ("PRC"). In 2013, the Group was honoured to be named as "2013 China's National Chemical Equipment Top Hundred Enterprises" and "China's Top Ten Chemical Heat Transfer Equipment Enterprises" by China Petroleum and Chemical Industry Federation (CPCIF).

To satisfy clients' complex requirements, Sunpower has consistently engaged in R&D to introduce proprietary technology and innovative solutions, and has achieved many excellent results since. By the end of 2015, the Group had registered more than 120 technological patents and 4 products are used to set the benchmark for national standards.

In 2012, Sunpower was accredited as the "National Torch Plan High/New Technology Enterprise" by the Ministry of Science and Technology of the PRC. The "Research Institute for Industrial Energy Saving" was also established subsequently. In 2013, the Group's flare-gas recovery system qualified for "2013 China's Key National Product."

Tapping on the favourable policies in the smog governance industry, the Group will proactively expand its business in the clean energy industry as well as increase green investment in centralised steam and electricity area for generating long-term and stable growth for the Group. Moving forward, the Group will continue to increase efforts in the research and development of the environmental protection industry to seize the development opportunities in the market so as to further enhance the Group's competitiveness and profitability.

SUNPOWER'S
INNOVATION

ENVIRONMENTAL EQUIPMENT MANUFACTURING

This segment includes highly efficient heat exchangers and pressure vessels, heat pipes and heat pipe exchangers, pipeline energy saving products and related environmental protection products.

Heat exchangers and pressure vessels are widely used in industries including chemical, petrochemical, metallurgy, pharmaceutical, etc. which are made of high grade non-ferrous metals such as carbon steel, stainless steel, titanium, copper, nickel, zirconium, tantalum, hastelloy and composite materials. They are used for completing the reaction, heat transfer, separation and storage during the process of industrial production. Sunpower's heat exchangers are highly efficient, achieving energy saving by 30% to 50% and resulting in significant cost reductions. Sunpower was invited to draft the national standards for effective heat transfer of special shaped heat exchangers that was eventually approved and promulgated in 2008.

Heat pipes are thermal transfer devices, while heat pipe exchangers consist of many heat pipes bundled together. Sunpower has developed heat pipes and heat pipe exchangers with heat-transfer rate 3,000 times faster than that of conventional products, which are mainly used in industries including petrochemical, steel and chemical, etc. They are also used to protect the permafrost foundation in the construction of roads, railways and oil pipelines. Examples in which our heat pipes have been used in significant projects include: the Qinghai-Tibet Railway, Gonghe-Yushu (Jiegu) Highway, and the Sino- Russia oil pipeline, etc. In 2011, Sunpower led the development of national standards for heat pipes and participated in drafting national standards for core and coreless heat pipes that were eventually approved and promulgated.

Pipeline energy saving products provide heat isolation from the environmental temperature change and minimise losses during transmission. The Group developed several types of products with varying characteristics, e.g. ultra-low temperature cold insulating, high-efficiency heat insulating, shock absorbing, cold preservation, the Spring Supports & Hangers and the Super Low-friction pipe supports, etc. The Group's pipeline energy saving products have been widely used in the connection of various pipes such as liquefied natural gas (LNG) pipes, liquefied petroleum gas (LPG) pipes, ethylene storage, steam pipes, pressure pipes, etc.

EPC INTEGRATED SOLUTIONS

This segment includes energy saving systems such as flare-gas recovery system, sulfur recovery system and Zero Liquid Discharge ("ZLD") system, photovoltaic power generation and Clean Energy related petrochemical engineering, Engineering, Procurement and Construction ("EPC") of Build-Operate-Transfer ("BOT")/Transfer-Operate-Transfer("TOT")/Build-Operate-Own ("BOO") projects.

Sunpower's energy saving systems are mainly used for treatment of industrial waste water, waste gas and residue in the petrochemical, chemical and coal chemical industries. The flare-gas recovering system is used to recover useful petrochemical by-products from the flare gas/waste gas which are of high temperature, flammable, poisonous and volatile, commonly generated in a petrochemical refinery during the production process. Sunpower provides a cost-saving and environment-friendly EPC solution as its products reduce the discharge of atmosphere pollutants, therefore reducing the penalties imposed on its customers by the government, which are primarily used in industries such as petrochemical, chemical, oil refining, coal chemical

and natural gas. The sulfur recovery system is carried out through Sunpower's engineer team, utilising advanced technology and EPC experiences to provide one-stop solution to the oil refining, natural gas and coal chemical industries. The ZLD system, developed by the Group's key ZLD technology and high-efficiency heat transfer technology, provides various waste water treatment methods tailored to respective waste water group to provide the best suited solution for customers. Options include low-temperature heat recovery to generate low-pressure steam, energy conservation and operating costs reduction. This system helps customers meet the zero-emission requirements with less capital outlay and operating expenses.

With the Group's expertise in EPC services and competitive advantage in system integration, the Group is able to provide comprehensive solutions to the investment, technology, design, construction, commissioning, operation and maintenance of photovoltaic power station, such as rooftop distributed photovoltaic power station, large-scale ground photovoltaic power station, agricultural greenhouse photovoltaic power station, micro power station, etc. Using renewable solar energy, the Group will provide clean, safe, efficient and sustainable green energy to the society.

Along with the Group's investment in centralised steam and electricity projects with BOT/TOT/BOO models, the Group will also undertake the EPC of those projects.

GREEN INVESTMENTS

The Group possesses expertise in advanced technology on high efficiency pulverized-coal combustion and long distance heat insulating steam pipelines. Its high efficiency pulverized-coal combustion technology uses low-emission boilers to achieve denitrification, desulphurization, dust removal as well as emission reduction of smoke, sulphur dioxide, nitrogen oxide and other harmful substances. Leveraging on the Group's expertise in the production and thermal insulation engineering of insulated pipe support and in using the long distance steam distribution pipelines with heat insulation transmission technology, the distance for heat transmission can be increased, and the quality of the steam and the safety in steam distribution can be assured at a lower cost.

The Group uses advanced pulverized-coal combustion technology with high efficiency and long distance heat insulation steam pipelines to achieve natural gas emission standard in the burning of coal. Through the BOT/TOT/BOO models, the Group will expand its business in centralised steam and electricity, and clean energy industry by providing cities, industrial parks and enterprises in the industrial areas with services in areas of energy savings, energy efficiency, lower pollutant emission and environmental protection. Through Group's services, the Group helps the clients to reduce their cost, increase their efficiency and reduce pollutant emissions through recycling, turning waste into useful products and contributing positively to smog governance.

The Group has successfully carried out the centralised steam and electricity projects in Hebei Gaoyang, Jiangsu Lianshui and Anhui Quanjiao, achieving "environmental protection through energy efficiency".

CHAIRMAN'S **STATEMENT**

DEAR SHAREHOLDERS,

On behalf of the Board of Directors (the "Board"), it is my pleasure to present you with our annual report for the financial year ended 31 December 2015 ("FY2015"). Against the backdrop of an economic slowdown in China economy, we are delighted to report a 45.3% year-on-year ("yoy") growth in our net profit attributable to shareholders in FY2015 to RMB81.5 million, on the back of a yoy growth rate of 16.2% to RMB1,435.3 million in revenue. This was mainly attributable to an increase in revenue from the Engineering, Procurement and Construction ("EPC") integrated solutions segment but was offset by a decrease in revenue from our Environmental Equipment Manufacturing ("EEM") segment.

2015 also marked a critical milestone for our Group, where we leveraged on our existing technologies and expertise to expand our business into the area of air pollution and smog governance projects, and work towards achieving a recurring income stream for our Group in the medium term.

USING SUNPOWER'S TECHNOLOGIES AND EXPERTISE TO SOLVE CHINA'S SMOG ISSUES 雾霾治理

China is facing severe air pollution and heavy smog, with air containing dangerous and cancer-linked pollutants such as PM2.5, nitrogen oxide, sulphur oxide. One of the key causes in the high carbon emission is the use of inefficient small coal-fired boilers in industrial parks, where each manufacturing plant generates its own steam requirements through the inefficient burning of coal. The government of People's Republic of China has enacted various policies to deal with these issues including the compulsory closure of small boilers with hourly production of 10 tons or less and 35 tons or less, by the end of 2015 and 2017 respectively (Source: China's 2013 Air Pollution Prevention Action Plan).

Leveraging on our existing technologies and expertise, we are able to undertake centralised steam facilities projects in industrial parks which will replace the inefficient small boilers. Our centralised steam facilities will achieve clean and high efficient use of coal and will use long distance heat insulated steam distribution pipelines to supply steam to production plants within industrial parks with minimum loss of pressure and temperature. We have established a new business segment, called "Green Investments" to undertake such projects.

GREEN INVESTMENTS 绿色投资

Our Green Investments segment comprises smog governance build-operate-transfer ("BOT"), build-owned-operate ("BOO") and/or transfer-operate-transfer ("TOT") projects. In December 2015, we had announced the centralised steam and electricity facility ("Changrun Project") in Hebei, China, with investment size of about RMB817 million. In first quarter of 2016, we also announced a BOT project of centralised steam facility in Lianshui Economic Development Zone with an investment size of RMB95 million and a BOT project of a centralised steam facility in Anuhui Quanjiao Economic Development Zone with an investment size of RMB54 million. The constructions of these 3 BOT/BOO projects are in progress and target to be completed in second half of 2016 and/or first quarter of 2017. The three BOT projects are expected to contribute to our EPC revenue and income materially in financial year ending 31 December 2016 ("FY2016"), and to generate recurring income after the construction is completed and the operations commence from financial year ending 31 December 2017 onwards.

Subject to the availability of financial resources, we intend to continue our investments in smog governance projects and other BOT, BOO or TOT environmental projects so as to increase the recurring income stream to our Group.

ENGINEERING, PROCUREMENT AND CONSTRUCTION

Apart from EPC revenue from our BOT, BOO and TOT projects in our Green Investments, we also generate EPC revenue from our proprietary flare-gas recovery and energy saving systems, zero liquid discharge system, photovoltaic power generation and clean energy projects.

In FY2015, our EPC integrated solutions segment recorded revenue of RMB443.6 million (a yoy growth of 93.2%). In 2015, we had continued to expand to the international markets and nearly one-third of our Group's revenue was contributed by exports of our systems and services. We have passed the assessment by field specialist of Royal Dutch Shell ("Shell") and have signed the Enterprise Framework Agreement (EFA) with Shell as the sole supplier of flare system in Asia and one of the three suppliers for such systems worldwide. This marks our further internationalisation for the Group's energy saving system business.

ENVIRONMENTAL EQUIPMENT MANUFACTURING 装备制造

Our EEM segment comprises mainly the manufacturing of highly efficient heat exchangers and pressure vessels, heat pipes and heat pipe exchangers, reactor, low temperature water preheater and pipeline energy saving products.

In FY2015, our EEM segment recorded revenue of RMB991.7 million (a yoy decline of 1.4%). Despite the decline, we have achieved several breakthroughs in technological innovation in the Liquefied Natural Gas ("LNG") field. This could be shown in the completion of several designs and manufacturing of China Petrochemical Corporation (Sinopec) and China National Petroleum Corporation's LNG projects, breaking the foreign monopoly in the LNG technology. In addition, we have also received orders for our LNG clean energy equipment in Qingdao, Tianjin, and Hainan Province in China. Although the global and Chinese economic conditions are expected to remain uncertain and the markets remain challenging, we expect this business segment to continue to remain profitable and contribute positively to our Group's profitability in this current year.

APPRECIATION AND DIVIDEND

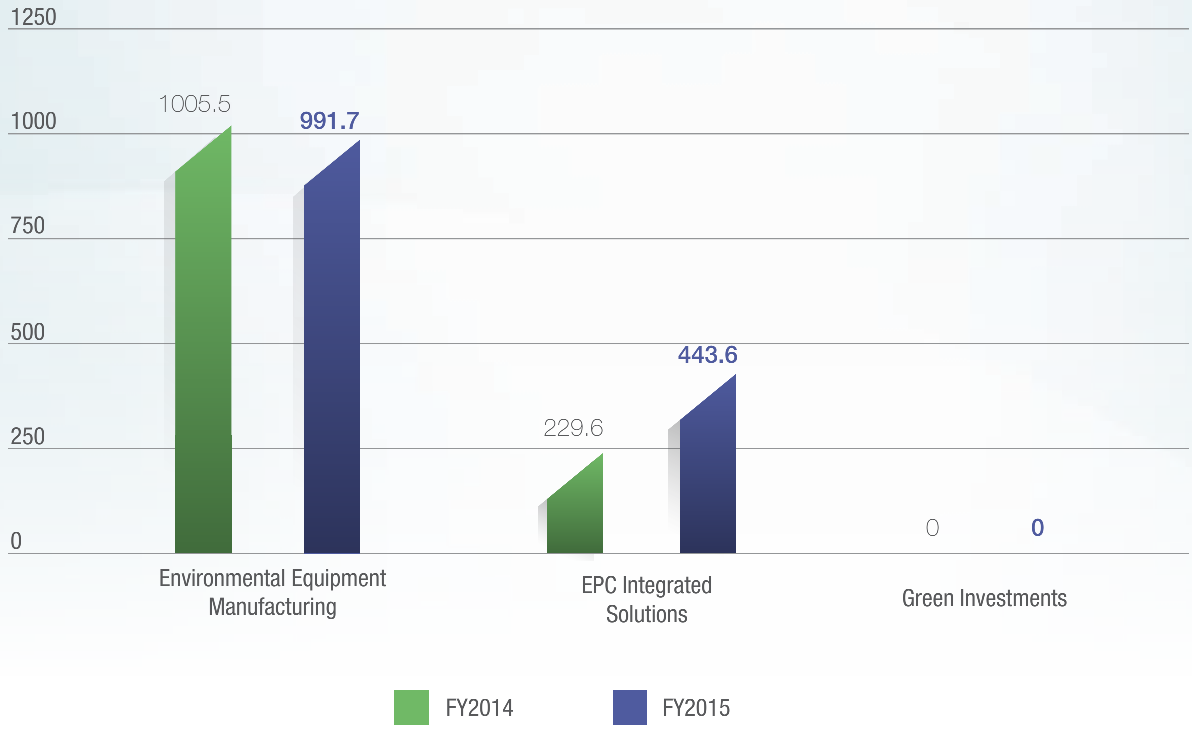
Lastly, I would like to express my gratitude to the management team and staff who have made great contributions to our Group. I wish to express my heartfelt appreciation to our customers and suppliers for their support throughout the years. In addition, we want to thank our Board members for their clear guidance and sound advice. To reward shareholders for their unwavering support, our Board has recommended a first and final dividend of S$0.0012 per share in respect of FY2015.

Barring any unforeseen circumstances, the Directors expect the Group to remain profitable for FY2016.

Guo Hong Xin
Executive Chairman

FINANCIAL & OPERATIONS **REVIEW**

Revenue Breakdown (RMB'million)



FINANCIAL PERFORMANCE

Revenue increased by 16.2% from RMB1,235.2 million for FY2014 to RMB1,435.3 million for FY2015. This was mainly attributable to an increase of RMB214.0 million from EPC Integrated Solutions segment which was offset by a decrease of RMB13.8 million from Environmental Equipment Manufacturing segment.

In line with the increase in revenue, the Group's gross profit increased by 18.4% from RMB270.4 million for FY2014 to RMB320.2 million for FY2015, while its gross profit margin of 22.3% for FY2015 was fairly consistent compared to 21.9% for FY2014.

The Group's profit before tax increased by 37.0% from RMB72.0 million for FY2014 to RMB98.7 million for FY2015 mainly due to the following factors:

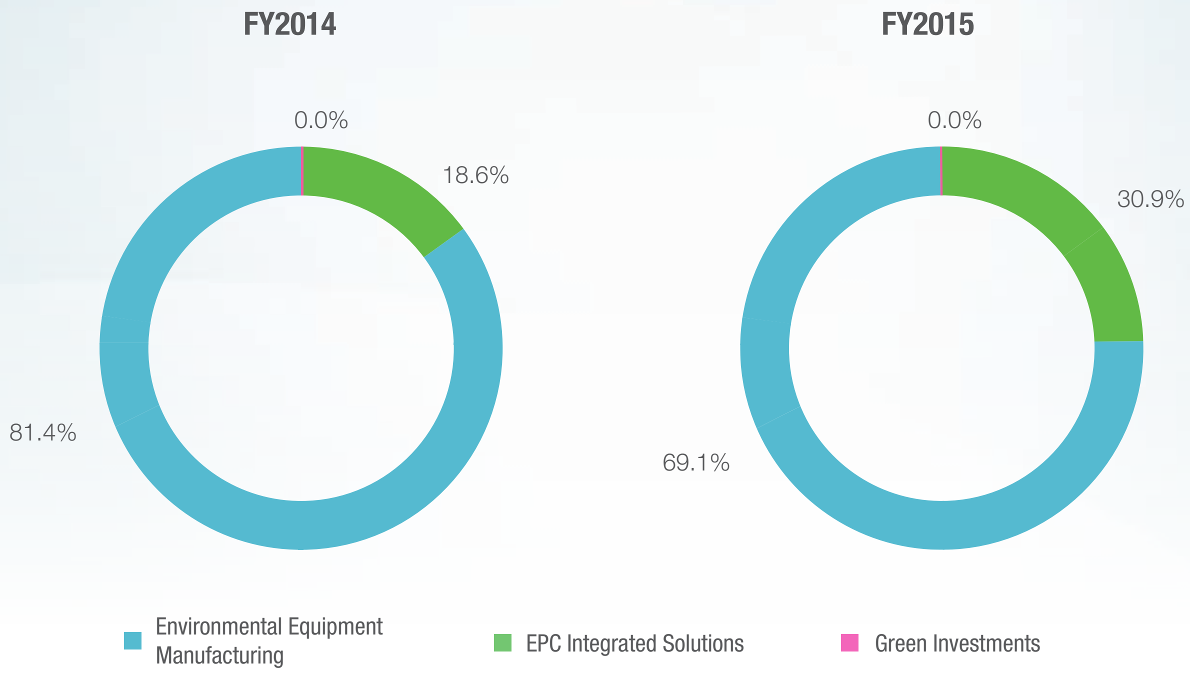
a. Increase in the gross profit of RMB49.8 million; and

b. Reduction in finance costs of RMB3.3 million due to lower interest rates.

On the other hand, administrative expenses increased by RMB17.2 million for FY2015 primarily due to increased staff remuneration as a result of additional personnel recruited to fulfill the Group's business growth plans. Other operating expenses also increased by RMB6.6 million for FY2015 mainly due to higher impairment allowance made on trade and non-trade receivables of RMB4.5 million and impairment allowance on property, plant and equipment of RMB1.8 million.

As a result of the above, the Group reported a 45.3% growth in its net profit attributable to shareholders to RMB81.5 million for FY2015.

Revenue by Activities (%)



CASH FLOW AND LIQUIDITY

The Group's cash and cash equivalents increased by RMB287.0 million from RMB110.5 million as at 31 December 2014 to RMB397.5 million as at 31 December 2015. Net cash generated from operating activities amounted to approximately RMB113.6 million for FY2015 mainly due to operating cash flows before movements in working capital. Meanwhile, net cash used in investment activities amounted to RMB90.4 million, mainly due to acquisition of subsidiaries and the purchase of property, plant and equipment. Net cash generated from financing activities amounted to RMB262.6 million largely due to proceeds from bank loans and share issuance aggregating to RMB662.8 million, which were offset by the repayment of bank loans of RMB406.0 million.

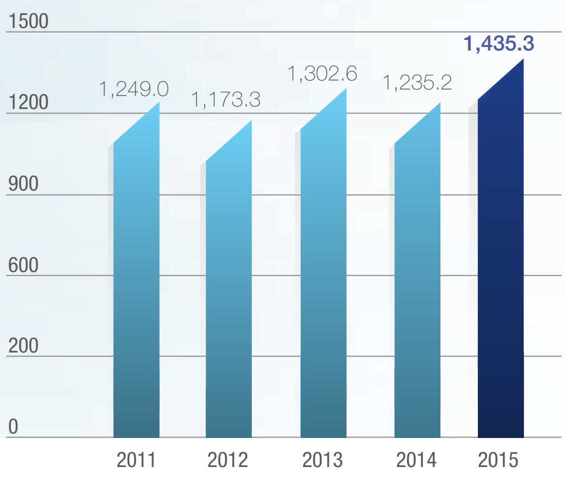
FINANCIAL POSITION

The shareholders' equity as at 31 December 2015 stood at RMB972.1 million, improved by 44.3% from RMB673.5 million as at 31 December 2014. Net asset value per share decreased by RMB38.82 cents to RMB131.78 cents as at 31 December 2015 due to a larger shareholder base.

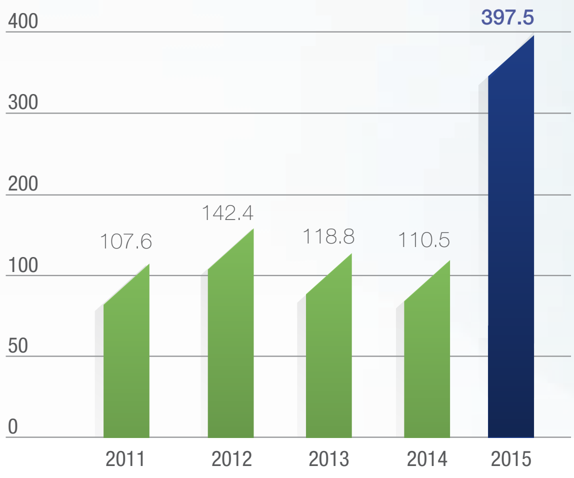
The Group's short-term borrowings increased by RMB27.0 million to RMB 438.0 million as at 31 December 2015 mainly due to finance the business operations.

FINANCIAL
HIGHLIGHTS

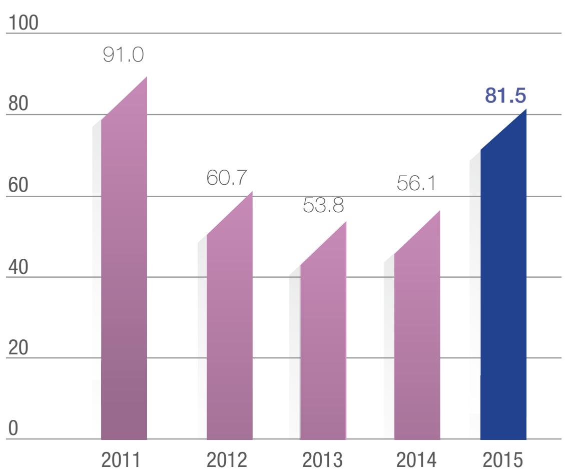
Revenue (RMB'million)



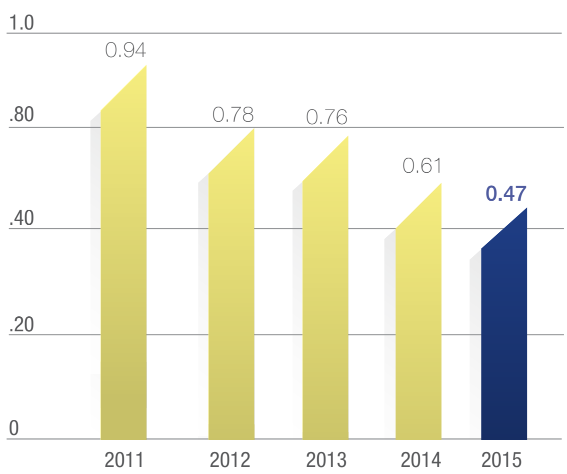
Cash and Bank Balances (RMB'million)



Net Profit Attributable to Shareholders (RMB'million)



Debt Equity Ratio



BOARD OF **DIRECTORS**

Mr. Guo Hong Xin
Executive Chairman

Mr. Ma Ming
Executive Director

Mr. Jiang Ning
Lead Independent Director

Mr. Lau Ping Sum Pearce
Independent Director

Mr. Chin Sek Peng
Independent Director

BOARD OF DIRECTORS

Mr. Guo Hong Xin
EXECUTIVE CHAIRMAN

Mr. Guo Hong Xin was appointed as an Executive Director and Chairman of the Board in May 2004 and was last re-elected on 25 April 2014. Mr. Guo is responsible for the overall management and strategic plan for the development of the Group. Mr. Guo obtained his bachelor's degree in 1983; in 2010 he obtained his Ph.D in Geotechnical Engineering from Cold and Arid Regions Environmental and Engineering Research Institute of Chinese Academy of Sciences; in 2014 he obtained his EMBA (Executive Master of Business Administration) degree in Tsinghua University. He began his career as a Lab Director in Heat Pipe Research Centre of Nanjing Chemical Institute. In 1985, Mr. Guo left to join Nanjing Heat Pipe Technology Development Centre as a Business Development Manager. From 1993 to 1997, he worked in Shengnuo Group as a Director and Deputy General Manager and was responsible for sales and marketing. In 1994, he was awarded first prize in technological progress by Ministry of Education of the People's Republic of China ("PRC"). Between 1995 and 1997, he worked as a Vice Dean of Heat Pipe Technology Development Institute of Nanjing University of Technology and a Deputy Director of National Science and Technology Ministry Heat Pipe Technology Promotion Centre. In 1998, he joined Jiangsu Sunpower Petrochemical Engineering Co., Ltd. He has also been a part-time professor of Changzhou University (Originally named Jiangsu Polytechnic University) since 2003. In 2006, Mr. Guo was recognised as Great Contributor to Nanjing Science and Technology by Nanjing Government. In 2008, he was appointed as the Team Leader of the National Standardization Technical Committee for heat pipes. In 2009, Mr. Guo was awarded second prize in technological progress by National Federation of Industry & Commerce and Jiangsu Province. In 2010, he was awarded second prize in technological progress by China Petroleum and Chemical Industry Federation, and was engaged as a part-time instructor of MBA Education Center of Nanjing University. In 2011, Mr. Guo was awarded as Jiangsu Top 10 Outstanding Entrepreneurs and Jiangsu Province Innovative and Entrepreneurial talents. Mr. Guo is also engaged as the first batch of industry professor in Jiangsu Province. He was also elected as the expert of level 2 of "333 High Level Talents Training Programme" by the People's Government of Jiangsu Province. In 2012, Mr. Guo was awarded the special government allowance by the Central People's Government of the PRC for his outstanding contributions. In 2015, Mr. Guo was recognised as scientific and technological innovation and entrepreneurial talent (known as "Ten Thousand Talents Plan") by Ministry of Science and Technology of the PRC. Mr. Guo also serves as independent non-executive director of Genscript Biotech Corporation, a company listed on the Hong Kong stock exchange.

Mr. Ma Ming
EXECUTIVE DIRECTOR

Mr. Ma Ming was appointed as an Executive Director in May 2004 and was last re-elected on 29 April 2015. Mr. Ma is responsible for the management of the financial affairs and external investment of the Group. Mr. Ma graduated from Nanjing Chemical Engineering Senior College (majoring in chemical engineering instruments) in July 1983. He graduated with a Master of Engineering Management degree from University of Shanghai for Science and Technology in March 2007. From 1983 to 1992, he worked as an engineer in Nanjing Chemical Industrial Company. In 1992, he left to join Hainan Lida Industrial Co., Ltd. as a Manager responsible for sales and marketing. In 1997, Mr. Ma joined Sunpower Petrochemical as a Deputy General Manager until he joined the Group in 2004. Between 2008 to 2010, Mr. Ma was entrusted by the Chairman of the Board to perform, on his behalf, all the responsibilities as General Manager of Jiangsu Sunpower Technology Co., Ltd. and Jiangsu Sunpower Machinery Manufacture Co., Ltd. From 2010 to 2015, Mr. Ma Ming was formally appointed as General Manager of the two companies. He was also General Manager of Sunpower Technology (Jiangsu) Co., Ltd. between 2014 to 2015.

Mr. Jiang Ning
LEAD INDEPENDENT DIRECTOR

Mr. Jiang Ning was appointed as an Independent Non-Executive Director in February 2005 and was last re-elected on 29 April 2015. In February 2014, he was appointed as Lead Independent Director of the Company. Mr. Jiang graduated with a Bachelor of Science degree in 1982 from Anhui Normal University. He graduated from Nanjing University and received his Master of Economics in July 1992. Since September 1992, Mr. Jiang held various positions with Nanjing University such as lecturer, associate professor and professor; Vice Dean of Yangtze Delta Economic Social Development Research Centre of Nanjing University and Dean of Investment and Finance Research Centre of Nanjing University. His teaching curriculum includes: money and banking, investment and financial research, corporate mergers and acquisitions, capital market and corporate development. Mr. Jiang also serves as an independent director in the following companies: Jiangsu Broadcasting Cable Information Network Co., Ltd., Chinasun Specialty Products Co., Ltd. and Suzhou Dongshan Precision Manufacturing Co., Ltd.

Mr. Lau Ping Sum Pearce
INDEPENDENT DIRECTOR

Mr. Lau Ping Sum Pearce was appointed as an Independent Non-Executive Director in February 2005 and was last re-elected on 26 April 2013. Mr. Lau graduated from the Australian National University with a Degree in Economics and also holds a Diploma in Business Administration from the University of Singapore. Mr. Lau was a Member of Parliament for Yio Chu Kang Constituency from 1980 to 1991 and a Member of Parliament for Ang Mo Kio Group Representation Constituency from 1991 to 1996. He served as a Director of Ang Mo Kio Community Hospital from 1993 to 1999 and Chairman of the Medifund Committee of the hospital from 2001 to 2005. He was Head of Computer Services in a statutory board and two local banks from 1973 to 1996. Between 1997 and 2000, he was the General Manager of NTUC Link Pte Ltd. He was the Executive Director of People's Action Party/PAP Community Foundation from 2001 to 2012. He is currently an Independent Director of two other listed companies in Singapore and a member of the Singapore Institute of Directors.

Mr. Chin Sek Peng
INDEPENDENT DIRECTOR

Mr. Chin Sek Peng was appointed as an Independent Non-Executive Director in February 2005 and was last re-elected on 25 April 2014. Mr. Chin is the co-founding Director of PKF-CAP Advisory Partners Pte Ltd, a company engaged in the provision of consultancy and business advisory services. He is also the Deputy Managing Partner responsible for running, managing and developing the assurance business of PKF-CAP LLP, a firm of chartered accountants in Singapore. Mr. Chin started his accountancy and audit training in Casson Beckman, a medium sized firm of chartered accountants in London. After qualifying as a chartered accountant, he joined legacy Price Waterhouse and worked in UK, Europe and Singapore from 1983 to 1994. In 1994, he joined the Institute of Singapore Chartered Accountants ("ISCA") as the first Practice Review Director, heading, running and regulating the compliance of work standards for all audit practices in Singapore. In 1999, Mr. Chin joined legacy Arthur Andersen as a partner in its Assurance and Business Advisory Division and in 2002 he left the firm to set up his own audit and consultancy practices together with another partner. He holds a Bachelor of Arts (Honours) degree in Accounting and Finance from Lancaster University in the United Kingdom and is a Fellow Member of the Institute of Chartered Accountants in England and Wales, as well as a Fellow (practising) Chartered Accountant of Singapore. Mr. Chin also serves as Independent Director mainly in the capacity as Audit Committee Chairman to three other public companies listed on the Singapore Exchange and is a member of the Institute of Internal Auditors of Singapore and a council member of ISCA. He is also the Deputy Chairman of the Public Accounting Practice Committee of ISCA and a member of the Audit Committee of the Council of Private Education which is the regulatory body for private school operators in Singapore.

KEY MANAGEMENT

Mr. Shen Qiang
CHIEF OPERATING OFFICER

Mr. Shen Qiang joined the Group in April 2005. He was the Executive Vice General Manager of Sunpower Technology (Jiangsu) Co., Ltd., Jiangsu Sunpower Technology Co., Ltd. and Jiangsu Sunpower Machinery Manufacturing Co., Ltd. Currently, Mr. Shen is the Chief Operating Officer of the Group, responsible for the Group's operations in 3 core business segments (Environmental Manufacturing, EPC Integrated Solutions and Green Investments), and the General Manager of Sunpower Technology (Jiangsu) Co., Ltd. He graduated in 1997 from Nanjing University of Science and Technology (majoring in Detection Technology and Instruments). Between August 1997 and July 2000, he worked at the CPC (Communist Party of China) Jianye District Committee, Nanjing City. He obtained his MBA (Master of Business Administration) degree from Nanjing University in June 2006.

He served as an assistant to the President of China Pacific Construction Group from June 2003 to March 2005. From June 2005 to February 2008, he was the Assistant General Manager of Jiangsu Sunpower Technology Co., Ltd. From February 2008 till March 2010, he served as the Deputy General Manager of the Machinery division of Jiangsu Sunpower Technology Co., Ltd. and Jiangsu Sunpower Machinery Manufacturing Co., Ltd. And was subsequently appointed as the Deputy General Manager of the two companies from March 2010 to February 2015. In February 2015 he was appointed as the General Manager of Sunpower Technology (Jiangsu) Co., Ltd.

Ms. Ge Cui Ping
CHIEF FINANCIAL OFFICER

Ms. Ge Cui Ping joined the Group in January 2004 as Financial Controller, responsible for the Group's financial reporting and management. In February 2015, she was re-designated as Chief Financial Officer of the Group. She graduated in 1998 from Nanjing Economic Institute (majoring in Accounting). She became a PRC Certified Public Accountant (CPA) in 1999 and PRC Certified Public Valuer in 2001. From October 2000 to January 2004, she was an Audit Manager in Jiangsu Tianheng CPA firm and was involved in auditing the accounts of various PRC listed companies. In September 2005, she was admitted as a member to the Institute of Financial Accountants. Between July 2007 and November 2007, she participated in the CFO programme conducted by China Europe International Business School. From March 2011, she served as a Director for Jiangsu Sunpower Technology Co., Ltd. and Jiangsu Sunpower Machinery Manufacturing Co., Ltd. From October 2011, she served as a Director for Nanjing Shengnuo Heat Pipe Co., Ltd. She is also a Director of Sunpower Technology (Jiangsu) Co., Ltd.

Mr. Li Feng
VICE PRESIDENT

Mr. Li Feng joined the Group in August 2005 and currently is the Group's Vice President, responsible for the Group's Environmental Equipment Manufacturing segment, and Director and General Manager of Jiangsu Sunpower Pressure Vessels Equipment Manufacturing Co., Ltd. He graduated from Dalian University of Technology in 1991 and obtained his MBA (Master of Business Administration) degree from Nanjing University in September 2004. He worked at Sinopec Yizheng Chemical Fibre Co., Ltd. In March 1998, he was the Sales Manager of Zhengsheng (US) Co., Ltd. Between June 2001 and January 2003, he was the Supply Chain Manager and General Manager of SDIC Beibuwan Electric Power Co., Ltd. He also served as the Investment Manager of Beihai Qiangsheng Group in January 2003. In April 2006, he was appointed as Deputy General Manager of the Machinery division of Jiangsu Sunpower Technology Co., Ltd. and Jiangsu Sunpower Machinery Manufacturing Co., Ltd. Between March 2010 and February 2015, he was the General Manager of the Machinery division of Jiangsu Sunpower Technology Co., Ltd. and Jiangsu Sunpower Machinery Manufacturing Co., Ltd. In February 2015, he was appointed as the General Manager of Jiangsu Sunpower Pressure Vessels Equipment Manufacturing Co., Ltd.

Mr. Yuan Zi Wei
VICE PRESIDENT

Mr. Yuan Zi Wei is a professorate senior engineer and joined the Group in May 2013. He graduated in 1988 from Tsinghua University (majoring in Industrial Chemistry) and obtained his EMBA (Executive Master of Business Administration) degree from China Europe International Business School in May 2007. Between July 1988 and October 2003, he was the first office director of Design Institute of Lanzhou of Sinopec and appointed as the Vice President of the Institute thereafter. In October 2003, he served as the Deputy General Manager of Sinopec Ningbo Engineering Co., Ltd. In May 2013, he was the Deputy General Manager of Jiangsu Sunpower Technology Co., Ltd. He was appointed as the Group's Vice President in February 2016, responsible for the Group's EPC Integrated Solutions segment. Currently, he is also the General Manager of Jiangsu Sunpower Technology Co., Ltd.

Ms. Zhou Jiang Hong
VICE PRESIDENT

Ms. Zhou Jiang Hong is responsible for the Group's public relations and management of Heat Pipes business. Ms. Zhou graduated from Nanjing Railway Medical College (majoring in medicine) in 1977. From 1977 to 1990, she worked in the Medical College of South East University as a general staff. Following that, from 1990 to 1999, she was a Director of the Students Affairs Department in the same university. In 1999, Ms. Zhou joined the Group as the Manager of the Administrative Office. From April 2004 till February 2015, she served as Deputy General Manager of Jiangsu Sunpower Technology Co., Ltd. She was appointed as the Group's Vice President in February 2016.

The Board of Directors (the "Board") and management of Sunpower Group Ltd. (the "Company" and together with its subsidiaries the "Group") are committed to upholding a high standard of corporate governance in order to safeguard the interests of all stakeholders and to promote investors' confidence. The Board has put in place various self-regulating and monitoring mechanisms, in accordance with the Code of Corporate Governance 2012 (the "Code") issued by the Monetary Authority of Singapore.

This report describes the Company's corporate governance processes and activities with specific references to the Code.

1. BOARD MATTERS

Board's Conduct of Affairs

Principle 1: Effective Board to lead and control the Company

(i) Apart from its statutory duties and responsibilities, the Board oversees the management and affairs of the Group. It focuses on strategies and policies, with particular attention paid to growth and financial performance. The Board is responsible for approving annual budgets, financial plans, financial statements, business strategies and material transactions such as major acquisitions, divestments, funding and investment proposals. The Group has put in place financial authorisation and approval limits for operating expenditure and procurement of goods and services. It delegates the formulation of business policies and day-to-day management to the Executive Directors and its management team.

The principal functions of the Board are:

(a) Provide entrepreneurial leadership, review and approve the Group's key business strategies and financial objectives, including major investments/divestments and financing of projects;

(b) Oversee the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance with regulatory authorities and the Group's internal control policies and procedures to safeguard the shareholders' interests and the Company's assets;

(c) Review management performance;

(d) Identify key stakeholder groups and recognise that their perceptions could affect the Company's reputation;

(e) Set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and

(f) Consider sustainability issues e.g. environmental and social factors, as part of its strategic formulation.

(ii) All Directors act objectively to discharge their duties and responsibilities at all times as fiduciaries in the interest of the Company.

(iii) The Board discharges its responsibilities either directly or indirectly through various Board committees. These committees ("Board Committees") include the Nominating Committee ("NC"), Remuneration Committee ("RC") and Audit Committee ("AC"). Each of the Board Committees functions within its terms of reference. The NC is tasked with the responsibility of carrying out annual reviews of the effectiveness of the Board and each individual Director. If authority to make decisions on certain board matters is delegated by the Board to any Board Committee, such delegation would be disclosed.

(iv) The Board has also established a Risk Management Committee ("RMC") to assist the Board on the governance of risk. The membership and key functions of the RMC are set out in the later section of this report.

(v) The Board meets once a year to review and deliberate on the key activities and business strategies of the Group. The Board meets at least four times a year to approve the release of the first and third quarters, half-year and full-year financial results. Additional meetings of the Board will be held when circumstances require. The Company's Bye-Laws allow a Board meeting to be conducted by way of teleconference and video-conference.

(vi) New releases issued by the SGX-ST which are relevant to the Directors are circulated to the Board. The External Auditors update the AC and the Board on the new and revised financial reporting standards that are applicable to the Company or the Group.

(vii) During the financial year, the attendance of each Director at meetings of the Board and Board Committees held in the financial year ended 31 December 2015 is as follows:

	Board		AC		NC		RC	
	Number	Attended	Number	Attended	Number	Attended	Number	Attended
Guo Hong Xin	5	3	N/A	N/A	1	1	N/A	N/A
Ma Ming	5	3	N/A	N/A	N/A	N/A	N/A	N/A
Jiang Ning	5	5	4	4	1	1	2	2
Lau Ping Sum Pearce	5	5	4	4	1	1	2	2
Chin Sek Peng	5	5	4	4	N/A	N/A	2	2

(viii) Each new and existing Director receives appropriate training to develop individual skills in order to discharge his duties. The Group also provides information about its history, mission and values to the Directors. Where necessary, the Directors will be updated regarding new legislation, regulations and changing commercial risks which are relevant to the Group. Appropriate briefing and orientation will be arranged for newly appointed Directors to familiarise them with the Group's business operations, strategic directions, Directors' duties and responsibilities and the corporate governance practices. They will also be given opportunities to visit the Group's operational facilities and meet the Management so as to gain a better understanding of the Group's business. The Directors are encouraged to attend seminars and receive training to improve themselves in the discharge of their duties and responsibilities. The seminars and trainings will be funded by the Company.

(ix) The Group provides background information about its history, mission and values to its Directors. In addition, the Management regularly updates and familiarises the Directors on the business activities of the Company during Board meetings. A formal letter of appointment would be furnished to every newly-appointed director upon their appointment explaining, among other matters, their roles, obligations, duties and responsibilities as a member of the Board.

(x) The Board had adopted a set of internal guidelines setting forth matters that require Board's approval. Matters which are specifically reserved for the full Board's decision are those involving a conflict of interest of a substantial shareholder or a Director, material acquisitions, disposal of assets, operating budgets and capital expenditure, corporate or financial restructuring, share issuance, declaration of dividends and other returns to shareholders and interested person transactions.

Board Composition and Guidance

Principle 2: Strong and independent element on the Board

(i) The Board comprises the following members:

Name of Director	Position held on the Board	Date of first appointment to the Board	Date of last re-election as Director	Nature of appointment
Guo Hong Xin	Chairman	12 May 2004	25 April 2014	Executive/Non-Independent
Ma Ming	Director	12 May 2004	29 April 2015	Executive/Non-Independent
Jiang Ning	Director	2 February 2005	29 April 2015	Non-executive/Independent
Lau Ping Sum Pearce	Director	2 February 2005	26 April 2013	Non-executive/Independent
Chin Sek Peng	Director	2 February 2005	25 April 2014	Non-executive/Independent

(ii) The Independent Directors make up more than half of the Board and the independence of each Director is reviewed by the NC. The NC adopts the guidelines of the Code in its review of who can be considered as an Independent Director. The NC is of the view that the non-executive Directors are independent.

(iii) Mr Jiang Ning, Mr Lau Ping Sum Pearce and Mr Chin Sek Peng were first appointed as Directors of the Company on 2 February 2005 and have held their office as Directors for more than nine (9) years. In compliance with the Code, the Board conducted a rigorous review of their independence. The Board sought written feedback from all Directors for the review of the independence of each of the three (3) abovementioned Directors. The criteria applied by the Board for the review included whether each of the three (3) abovementioned Directors (a) demonstrated the essential characteristics of independence expected by the Board; (b) expressed his views on matters discussed and debated issues objectively; (c) sought clarification and explanation when necessary; (d) scrutinised and challenged management on salient issues raised at meetings; and (e) acted objectively at all times, in the interests of the Company and its shareholders.

The Board has determined that Mr Jiang Ning, Mr Lau Ping Sum Pearce and Mr Chin Sek Peng be considered independent notwithstanding that they have served on the Board beyond nine (9) years. Further, Mr Jiang Ning, Mr Lau Ping Sum Pearce and Mr Chin Sek Peng have in-depth understanding of the Group's business and are well qualified and experienced and have the ability to make impartial and well balanced decisions and to act in the best interests of the Company and shareholders.

(iv) The Board has examined its size and is of the view that it is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Company. The NC is of the view that no individual or small group of individuals dominate the Board's decision-making process.

(v) The NC is of the view that the current Board consists of the appropriate mix of expertise and experience to meet the Company's targets. Qualifications and experiences of the Board members are set out on pages 10 and 11 of the Annual Report. Particulars of interests of Directors who held office at the end of the financial year in shares in the Company and in related corporations (other than wholly-owned subsidiary companies) are set out in the Report of the Directors.

(vi) The Non-Executive Directors of the Company contribute to the Board processes by monitoring and reviewing Management's performance against goals and objectives. Their views and opinions provide alternate perspectives to the Group's business and they bring independent judgement to bear on business activities and transactions involving conflicts of interest and other complexities.

(vii) The Non-Executive Directors of the Company meet and/or hold discussions as and when required without the presence of Management to facilitate a more effective check on Management.

Chairman and Chief Executive Officer

Principle 3: Clear division of responsibilities at the top of the Company

(i) The roles of Executive Chairman and Chief Executive Officer are undertaken by Mr Guo Hong Xin who is primarily responsible for overseeing the overall management and strategic development of the Group as well as the effective working of the Board. The responsibilities of the Executive Chairman and Chief Executive Officer include:

- Leading the Board to ensure its effectiveness on all aspects of its role;
- Scheduling of meetings to enable the Board to perform its duties responsibly while not interfering with the flow of the Group's operations;
- Preparing meeting agenda in consultation with other Directors;
- Promoting culture of openness and debate at the Board;
- Ensure that the Directors receive complete, adequate and timely information;
- Ensure effective communication with shareholders;
- Encourage constructive relations within the Board and between the Board and management;

- Assisting in ensuring the Group's compliance with the Code and promoting high standards of corporate governance;
- Ensuring that Board meetings are held when necessary; and
- Reviewing key proposals by management before they are presented to the Board.

The Company Secretary may be called to assist the Executive Chairman and Chief Executive Officer in any of the above matters.

In view that the Chairman is not an Independent Director, the Company has appointed Mr Jiang Ning as Lead Independent Director. Shareholders of the Company with concerns that could have a material impact on the Group, for which contact through the normal channels of the Executive Chairman or Chief Financial Officer have failed to resolve or is inappropriate, shall be able to contact the Lead Independent Director.

Board Membership

Principle 4: Formal and transparent process for the appointment of new directors to the Board

(i) The NC comprises Mr Jiang Ning, Mr Lau Ping Sum Pearce and Mr Guo Hong Xin, a majority of whom are Independent Directors. The Chairman of the NC, Mr Jiang Ning is an independent Director. The NC meets at least once a year and at other times as required.

(ii) The NC performs the following functions in accordance with its terms of reference:

(a) Reviewing and making recommendations to the Board on all candidates nominated for appointment to the Board, having regard to their background, potential contribution to the Group based on their experience and expertise, and ability to exercise independent business judgement;

(b) Reviewing all candidates nominated for appointment as senior management staff;

(c) Reviewing and recommending to the Board, the Board structure, size and composition, taking into account the balance between executive and non-executive, independent and non-independent Directors and having regard at all times to the principles of corporate governance and the Code;

(d) Identifying and making recommendations to the Board as to the Directors who are to retire by rotation and to be put forward for re-election at each annual general meeting (the "AGM") of the Company, having regard to the Directors' contribution and performance, including Independent Directors;

(e) Assessing the independence of the Directors (taking into account the circumstances set out in the Code and other salient factors); and

(f) Proposing a set of objective performance criteria to the Board for approval and implementation, and to evaluate the effectiveness of the Board, its Board Committees and Directors as a whole and the contribution of each Director to the effectiveness of the Board, its Board Committees and Directors.

(iii) Pursuant to the Company's Bye-Laws, all Directors are required to submit themselves for re-nomination and re-election at least once every three years.

(iv) As a Director's ability to commit time to the Group's affairs is essential for his contribution and performance, the Board has determined that the maximum number of listed company board representations which any Director of the Company may hold is six and all Directors have complied.

(v) Since the Company was first listed in 2005, the Group has not admitted any new Directors to its Board. In the event that the Board decides to appoint new Directors, the NC will conduct an assessment to review the candidate's qualifications, attributes and past experience followed by interviewing short-listed candidates. The proposed candidates' independence, expertise, background and skill sets will be considered before the NC makes its recommendations to the Board.

Board Performance

Principle 5: Formal assessment of the effectiveness of the Board and contributions of each Director

(i) The Board has established a formal assessment process which will be carried out annually for evaluation of the performance of the Board as a whole and the contribution by individual Directors to the effectiveness of the Board. The following are some of the performance criteria:

- Attendance at Board meetings;
- Level of participation at Board meetings and overall commitment;
- Ability to strategise and propose sound business direction; and
- Contribution of specialised knowledge.

(ii) The appraisal process requires the Directors to complete appraisal forms which will be collated by an independent coordinator who will compile the results of the appraisal for review by the NC. The NC will thereafter report to the Board. Such an appraisal process was carried out in respect of FY2015.

Access to information

Principle 6: Board members to have complete, adequate and timely information

(i) The Board is provided with management reports, and papers containing relevant background or explanatory information required to support the decision making process on an on-going basis and in a timely manner.

(ii) Board papers are circulated to the Directors before the scheduled meetings so as to allow for a better understanding of the issues and to achieve a more effective discussion time for questions that the Directors may have.

(iii) The Directors have separate and independent access to senior management and the Company Secretaries. The Company Secretaries administer, attend and prepare minutes of meetings of the Board and of the Board Committees which are circulated. The Company Secretaries ensure that the Company complies with the corporate secretarial aspects of the Bye-Laws and the applicable sections of the rules of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the applicable sections of the Companies Act (Chapter 50, Singapore Statutes) and the Securities and Futures Act (Chapter 289, Singapore Statutes).

(iv) The appointment and removal of the Company Secretaries are subject to the approval of the Board.

(v) In carrying out their duties, the Directors, whether individually or as a group, have direct access to the independent professional advisors to obtain advice, at the Company's expense.

2. REMUNERATION MATTERS

Procedures for developing Remuneration Policies

Principle 7: Formal and transparent procedure for fixing remuneration packages of Directors and key management executives

(i) The RC comprises Mr Lau Ping Sum Pearce, Mr Jiang Ning and Mr Chin Sek Peng all of whom are Independent Directors. The Chairman of the RC is Mr Lau Ping Sum Pearce. The RC meets at least once a year and at other times as required.

(ii) The key terms of reference of the RC are as follows:

(a) The RC shall consist of not less than three Directors, a majority of whom shall be Independent Directors. At least one member should be knowledgeable in executive compensation, and if there is a need, expert advice may be obtained internally or externally;

(b) The Chairman of the RC shall be appointed by the Board and shall be an Independent Director; and

(c) The Board shall appoint a new member within three months of the date of cessation so that the number of members does not fall below three if a member, for any reason, ceases to be a member.

(iii) The duties and responsibilities of the RC include ensuring that there is a formal, transparent and objective procedure for fixing the remuneration packages of the Directors and key executives. Such level of remuneration should serve to attract, retain and motivate the Directors and key executives needed to manage the Company successfully. A proportion of such remuneration, should be linked to performance of the Company as well as the individual incumbent.

(iv) The RC performs the following functions in accordance with its terms of reference:

(a) Reviewing and recommending to the Board a framework of remuneration for the Board and the key executives of the Group covering all aspects of remuneration such as Director's fees, salaries, allowances, bonuses, options and benefits-in-kind;

(b) Proposing to the Board, appropriate and meaningful measures for assessing the Directors' and Key Executive's performance;

(c) Reviewing and recommending the specific remuneration package to the Board for each Executive Director and the key executives;

(d) Considering the eligibility of directors, executives and employees for benefits under long-term incentive schemes; and

(e) Considering and recommending to the Board the disclosure of details of the Company's remuneration policy.

(v) Each member of the RC shall abstain from voting on any resolution concerning his own remuneration.

(vi) The RC shall review the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses.

(vii) The RC may from time to time, and where necessary or required, seek professional advice internally and/ or externally pertaining to remuneration of all Directors.

Principle 8: Remuneration of Directors should be adequate, not excessive and linked to performance

(i) All Independent Directors have no service agreements with the Company. They are each paid a Director's fee which is determined by the Board based on the effort and time spent as well as responsibilities as member of the AC, NC and RC. The fees are subject to approval by the shareholders at each AGM. Except as disclosed, the Independent Directors do not receive any remuneration from the Company.

(ii) According to the respective service agreements of the Executive Directors:

- Each service agreement is valid for an initial period of three years which commenced from 1 January 2008 and shall be automatically renewed annually thereafter;

- The remuneration of the Executive Directors include a fixed salary and a variable performance related bonus which is designed to align their interests with those of the shareholders; and

- The service agreement may be terminated by either the Company or the Executive Director giving not less than six months' notice in writing.

(iii) The Company does not use contractual provisions to allow the Company to reclaim incentive component of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

Directors' Fees

The proposed fees for non-executive Directors to compensate their time and effort comprise a basic retainer fee and additional fees for appointment to Board Committees and involvement in ad hoc projects.

No Director decides his own fees. Directors' fees are recommended by the RC and are submitted for endorsement by the Board. Directors' fees are subject to the approval of shareholders at the AGM.

Currently, Directors' fees for each financial year are paid in arrears, in the following financial year, after obtaining shareholders' approval at the AGM.

Principle 9: Clear disclosure of remuneration policy, level and mix of remuneration, and procedure for setting remuneration

(i) The Company has a staff remuneration policy which comprises a fixed component and a variable component. The fixed and variable components are in the form of a base salary and variable bonus that is linked to the performance of the Company and individual.

(ii) Our remuneration framework is made up of three key components:

- Base/fixed salary
- Variable or performance related income/bonuses
- Other benefits

<u>Base/fixed salary</u>

Fixed pay comprises a base salary.

<u>Variable or performance related income/bonuses</u>

Variable bonus payouts are based on actual achievement against corporate, business unit and individual performance objectives.

<u>Other benefits</u>

Social insurance fund comprising housing fund, old-age retirement pension, unemployment compensation, medical fund and car allowance.

(iii) A breakdown, showing the level and mix of each individual Director's and Key Executive's remuneration in FY2015 is reflected in the section on "Disclosure on Directors' and Key Executive's Remuneration".

(iv) The Company does not have any employees who are immediate family members of a Director or the Chief Executive Officer and whose remuneration exceeded S$50,000 during the financial year ended 31 December 2015.

(v) The Sunpower Employee Share Option Scheme 2015 was approved and adopted by the shareholders of the Company at a Special General Meeting held on 29 April 2015. Further information on the Scheme can be found on pages 29 and 30 of the Annual Report.

On 19 May 2015, the Company granted a total of 59,220,000 share options at an exercise price of S$0.116. These share options are exercisable at any time two years after the date of grant and expire no later than the tenth anniversary of the date of grant. Of the total of 59,220,000 share options granted on 19 May 2015, 5,922,000 share options were granted to Mr. Guo Hong Xin, Executive Director and Controlling Shareholder of the Company; 8,968,000 share options were granted to Mr. Ma Ming, Executive Director of the Company; and the remaining 44,330,000 share options were granted to the employees of the Group.

Disclosure on Directors' and Key Executive's Remuneration

The Board has not disclosed the remuneration of the Company's individual Directors and key executives of the Group in full in view of the competitive nature of the industry in which the Group operates and to maintain confidentiality on remuneration matters of the Group.

The variable or performance related income/bonus is to recognise the efforts and contributions and performance of the Executive Directors and key executives, whether as a whole and/or on an individual basis, in particular where such efforts and contributions and/or performance may not be directly or immediately reflected in or attributable to the financial performance of the Company and the Group.

The level and mix of each Director's and Key Executive's remuneration in FY2015 is as follows:

Remuneration Band & Name of Director	Base/fixed salary	Variable or performance related income/ bonuses	Director's fees	Other benefits*	Total
					%
Executive Directors					
Between $500,000 to $1,500,000					
Mr Guo Hong Xin	22.7%	75.9%	–	1.4%	100
Mr Ma Ming	21.0%	77.6%	–	1.4%	100
Independent Directors					
Below $250,000					
Mr Jiang Ning	–	–	100%	–	100
Mr Lau Ping Sum Pearce	–	–	100%	–	100
Mr Chin Sek Peng	–	–	100%	–	100
Key Executives					
Below $250,000					
Ms Ge Cui Ping	44.4%	47.1%	–	8.5%	100

* *Other benefits include social insurance fund and car allowance.*

Other than Ms Ge Cui Ping, the Group do not have other key executive in FY2015.

3. ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: Board's accountability to shareholders

The Board provides the shareholders with a detailed and balanced explanation and analysis of the Company's and Group's performance, position and prospects on a quarterly basis. Financial reports and other price sensitive information are disseminated to shareholders through announcements via SGXNET, press releases and the Company's website. The Management presents the quarterly financial statements to the AC for review and recommendation to the Board for approval. The financial result announcement is reviewed carefully by the AC and the Board before being released. If required, the Group's external auditors' view will be sought. The Board ensures that all relevant regulatory compliances and updates will be highlighted from time to time to ensure adequate compliance with the regulatory requirements. The Board will also review and approve any press releases concerning the Company's financial results. The Company's Annual Report is available on request and accessible on the Company's website.

The Board reviews operational and regulatory compliance reports from the Management to ensure compliance with all of the Group's operational practices and procedures and relevant regulatory requirements.

In line with the SGX-ST Listing Rules, the Board provides an assurance statement to the shareholders in respect of the interim financial statements. For the financial year under review, the Executive Directors and the Chief Financial Officer have provided assurance to the Board on the integrity of the Group's financial statements. The Management maintains regular contact and communication with the Board by various means including the preparation and circulation to all Board members of quarterly and full year financial statements of the Group. This allows the Board to monitor the Group's performance and position as well as the Management's achievements of the goals and objectives determined and set by the Board.

Risk Management and Internal Controls

Principle 11: Sound system of internal controls

(i) The Group has put in place a system of risk management and internal controls to respond to financial, operational and compliance risks that are significant to the achievement of the Group's business objectives.

(ii) The Board reviews the effectiveness of the Group's risk management and internal controls, including operational controls and is responsible for the overall internal control framework annually. The Board acknowledges that no cost effective internal control system will preclude all errors and irregularities. A system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

(iii) The Board has obtained a written confirmation from the CEO (or equivalent) and the CFO (or equivalent) that:

(a) The financial records of the Group have been properly maintained and the financial statements are prepared in accordance with Singapore Financial Reporting Standards to give a true and fair view of the Group's financial position as at reporting date and its performance for the financial year then ended; and

(b) The risk management and internal control systems that are in place in the Group are adequate and effective to address the key risks in the Group.

(iv) Based on the representation from the CEO and CFO as described above, review of the findings from the auditors on the Group's internal control and the management's responses to the auditors' recommendation for improvements to the Group's internal controls and discussions with the auditors and management, the Board with the concurrence of the AC is satisfied that there are adequate internal controls to address the key financial, operational and compliance risks of the Group.

(v) To strengthen its risk management processes and framework, the RMC was formed in 2011. The members of RMC are Executive Directors, Mr Guo Hong Xin and Mr Ma Ming, Independent Director, Mr Jiang Ning and the CFO, Ms Ge Cui Ping. The RMC shall meet no less than two times a year and at other times as required.

(vi) The RMC shall perform the following key functions in accordance with its terms of reference:

(a) Evaluate and provide advice on the business risks (strategic, financial, and compliance with laws and regulations);

(b) Study and identify internal controls and risk management strategies to manage the identified risks;

(c) Design and implement new controls and strategies to address identified business risks;

(d) Study and analysed material investments, financing and other operational management activities, and advise the Board; and

(e) Any other functions as authorised by the Board.

Audit Committee

Principle 12: Establishment of Audit Committee with written terms of reference

(i) The AC comprises three Independent Non-Executive Directors, namely, Mr Chin Sek Peng, Mr Lau Ping Sum Pearce and Mr Jiang Ning.

The Chairman of the AC, Mr Chin Sek Peng is, by profession, a public accountant and a fellow practising member of the Institute of Singapore Chartered Accountants and a fellow member of the Institute of Chartered Accountants in England and Wales and has worked in the accounting profession for more than 30 years. The other members of the AC have many years of experience in business and financial management. The Board is of the view that the members of the AC have sufficient financial management expertise and experience to discharge the function of the AC.

(ii) The key terms of reference of the AC include the following:

(a) The AC shall consist of not less than three Directors appointed by the Board, all of whom shall be non-executive Directors with the majority being independent Directors. At least two members of the AC shall have accounting or related financial management expertise or experience and its membership, details of its activities, number of meetings and attendance at such meetings, shall be disclosed annually; and

(b) The Board shall appoint a new member within three months of cessation so that the number of members does not fall below three.

(iii) The AC performs, *inter alia*, the following key functions:

(a) Reviewing with internal and external auditors their audit plans, their evaluation of the system of internal controls and the reports on their findings including recommendations for improvement;

(b) Reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls which are carried out internally and/or with the assistance of professional service firms;

(c) Reviewing the Group's financial results and the announcements and annual financial statements of the Company and its subsidiaries before submission to the Board for approval;

(d) Reviewing the scope and results of the external audit and the independence and objectivity of the external auditors;

(e) Reviewing significant findings of internal investigations, if any;

(f) Recommending to the Board the appointment or re-appointment of the external auditors and approving the remuneration and terms of engagement of the external auditors;

(g) Reviewing interested person transactions; and

(h) Any other functions as required by law or the Code.

(iv) The AC is authorised to investigate any matters in its terms of reference, and has full access to and co-operation of management. The AC has full discretion to invite any Director or executive officer to attend its meetings, as well as access to reasonable resources to enable it to discharge its function properly.

(v) The AC will meet with the external auditors and internal auditors without the presence of management annually. The AC also met with the external auditors to discuss matters relating to internal accounting controls as well as the results of their audit of the Group.

(vi) The AC annually reviews, *inter alia*, the independence and objectivity of the external auditors, taking into consideration the nature and extent of any non-audit services provided to the Company by the external auditors. The AC seeks to maintain objectivity by reviewing all non-audit services provided by the external auditors to the Group, and is satisfied that the nature and extent of such services would not affect the independence of the external auditors.

(vii) The Group has complied with Rule 712, Rule 715 and Rule 716 of the Listing Manual of the SGX-ST in relation to its auditors.

(viii) The AC read technical newsletters as appropriate and was updated by the auditors during the AC meeting to keep abreast of changes in accounting standards and issues.

Whistle-blowing Policy

The Board undertakes to investigate complaints of suspected fraud in an objective manner and has put in place a whistle-blowing policy and procedures which provide employees with well-defined and accessible channels within the Group, including a direct channel to the AC, for reporting suspected fraud, corruption, dishonest practices or other similar matters.

The policy aims to encourage the reporting of such matters in good faith, with the confidence that employees making such reports will be treated fairly and, to the extent possible, be protected from reprisal.

Internal Audit

Principle 13: Setting up independent internal audit function

(i) The Group has an in-house internal audit team comprising four staff, which includes an Internal Audit Manager, Ms Zhang Hui Hui, a certified internal auditor. Ms Zhang graduated from Nanjing University of Finance and Economics in 2007 and became a certified internal auditor in 2009.

Based on the internal controls established, the internal audit department is responsible for ensuring that the Company has a comprehensive and sound management system, conduct proper internal checks and propose appropriate recommendations from time to time on a regular basis.

The in-house internal audit team will conduct regular checks and has an annual audit plan focusing on the high risk issues within the operating subsidiaries of the Group. This includes areas that the AC are particularly concerned and/or not audited for more than two years and new businesses that are in operation for more than one year. The in-house internal audit team will also carry out prompt internal audit work if there are any high risk concerns indicated by the AC.

Besides this, the Company also engaged an external professional service firm, Nexia TS Risk Advisory Pte Ltd ("Nexia TS"), to perform review and test of controls of critical processes, including the review of interested person transactions. The management will seek to ensure that there is no duplication of work performed by Nexia TS and the in-house internal audit team.

Both the in-house internal audit team and Nexia TS have unfettered access to all the Company's documents, records, properties and personnel, and have unrestricted access to the AC.

The AC reviewed the scope of internal audit work and the key audit procedures, including any findings during the year and the management's responses thereto; and ensured the adequacy of the internal audit function annually. All team members of Nexia TS are members of the Institute of Internal Auditors Singapore ("IIA"), an internal professional association for internal auditors which has its headquarters in the United States. The audit work carried out by Nexia TS is guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) which is laid down in the International Professional Practices Framework issued by the IIA.

4. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights, Communication with Shareholders and Conduct of Shareholder Meetings

Principle 14: Regular, effective and fair communication with shareholders

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

(ii) Information is communicated to shareholders on a timely basis through:

- Annual reports that are prepared and issued to all shareholders within the mandatory period;
- Public announcements via SGXNet system, the press and analysts;
- Notices of annual general meetings; and
- The Company's website and investor relations channel on financial portal at http://www.sunpower.com.cn at which shareholders can access information on the Group.

Principle 15: Shareholders' participation at AGM

(i) The Board will support and encourage active shareholders' participation at AGMs as it believes that general meetings serve as an opportune forum for shareholders to meet the Board and key management, and to interact with them.

(ii) General meetings have been and are still the principal forum for dialogue with the shareholders. They offer opportunities for the Board to interact with shareholders, understand their views, gather feedback as well as address concerns. Enquiries by shareholders are dealt with as promptly as practicably possible.

(iii) The Company is committed to upholding high standards of corporate transparency and disclosure, whilst safeguarding its commercial interests.

(iv) The Group does not practise selective disclosure. The Company makes every effort to ensure that shareholders have easy access to clear, meaningful and timely information on the Company in order to make informed investment decisions. All material information and presentation slides (if any) would be released via SGXNet on the timely basis.

(v) The Group does not have a fixed dividend policy at present. However, the Board would consider recommending a dividend as appropriate each year after considering the Group's profit, cash position and projected capital requirements for its operation and business growth.

Principle 16: Conduct of Shareholders' Meetings

(i) At AGMs, shareholders are given the opportunity to air their views and ask Directors or management questions regarding the Company. Shareholders are encouraged to attend the AGMs to ensure a high level of accountability and to stay informed of the Group's strategies and goals. The AGM is the principal forum for dialogue with shareholders. The Board supports the Code's principle to encourage shareholder participation. The Bye-Laws allow a shareholder of the Company to appoint one or two proxies to attend the AGM and vote in place of the shareholder. Voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of the identity of shareholders via the internet is not compromised.

(ii) The members of the AC, NC and RC will be present at the AGM to address queries relating to the work of these committees. The Company's auditors are also invited to attend the AGM.

(iii) All resolutions tabled at the general meetings are voted by poll for which the procedures are clearly explained by the scrutineers thereat. The voting results of each resolutions tabled are announced at the meeting and in an announcement released after the meeting to SGX-ST via SGXNet.

(iv) The resolutions at general meetings are on each substantially separate issue. All the resolutions at the general meetings are in single item resolutions.

(v) The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meetings, and responses from the Board and Management, and are made available to shareholders upon their request.

(vi) The Company has not implemented electronic voting at general meetings in view of the cost involved, but will consider implementing it in future if electronic voting is more cost efficient to do so.

5. DEALINGS IN SECURITIES

(Rule 1207 (19) of the Listing Manual)

Directors and officers of the Group are advised not to deal in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. They are not allowed to deal in the Company's shares during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of the financial year and one month before the announcement of the Company's full year financial statements, and ending on the date of the announcement of the relevant results.

The Company has complied with the SGX-ST's rules on best practices on dealings in the Company's securities in FY2015.

6. INTERESTED PERSON TRANSACTIONS

(Rule 907 of the Listing Manual)

The Group has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

The aggregate value of interested person transactions entered into during the financial year under review is as follows:

Name of interested person	Aggregate value of all interested person transactions for the year ended 31 December 2015 (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted undershareholders' mandatepursuant to Rule 920 (excluding transactions less than $100,000)
	RMB'000	RMB'000
Jiangsu Sunpower Fuyou Holding Co., Ltd.		
● Purchase consideration for the acquisition of Jiangsu Fuyou Industry Co., Ltd.	11,246	–
Sunpower Business Group Pte. Ltd.		
● Mr Guo Hong Xin subscribed for 71,428,571 of new placement shares	4,635	–
Tournan Trading Pte. Ltd.		
● Mr Ma Ming subscribed for 71,428,571 of new placement shares	4,635	–

7. MATERIAL CONTRACTS

(Rule 1207(8) of the Listing Manual)

Other than the service agreements between the Executive Directors and the Company, a subsidiary of the Company has entered into a contract involving the interest of two Directors or controlling shareholders subsisting at the end of the financial year ended 31 December 2015. Details of the contract are as follows:

The Company's wholly-owned subsidiary, Jiangsu Sunpower Pipe-Line Engineering Technology Co., Ltd., has entered into an agreement to acquire the entire issued and paid-up share capital of Jiangsu Fuyou Industry Co., Ltd. ("Jiangsu Fuyou"), a company incorporated in the People's Republic of China, from Jiangsu Sunpower Fuyou Holding Co., Ltd. ("Sunpower Fuyou"), a company in which Mr Guo Hong Xin and Mr Ma Ming, the Executive Directors of the Company, each hold 45% of the entire issued and paid-up share capital (the "Acquisition"). As a result of the Acquisition, Jiangsu Fuyou becomes an indirect wholly-owned subsidiary of the Company.

The total consideration for the Acquisition of RMB11,245,730, is made up of two parts, namely (i) the net assets of Jiangsu Fuyou as at 30 June 2015, as appraised by an independent professional firm, amounting to RMB9,987,500; and (ii) the interest amounts derived from the debts owed to Sunpower Fuyou, by Jiangsu Fuyou, and calculated on the loan interest rate charged by local banks in the People's Republic of China, aggregating RMB1,258,230.

The above consideration was arrived at on the basis of arm's length negotiation between a willing buyer and a willing seller, after taking into account, *inter alia*, various factors such as the existing assets, financial position and business prospects of Jiangsu Fuyou. The Acquisition was wholly satisfied in cash, and funded by the Group's internal resources.

8. USE OF PROCEEDS

The net proceeds raised from the placement completed on 30 December 2015 ("Placement Proceeds") amounted to approximately S$46.6 million (equivalent to RMB213.894 million) (after deducting estimated costs and expenses of approximately S$1.4 million (equivalent to RMB6.426)).

As at 28 March 2016, the Group has partially utilised the Placement Proceeds. Details are set out in the table below:

	Amount (RMB'000)
Net proceeds raised from placement	**213,894**
Placement proceeds utilised	
Purchase of land in respect of the Changrun Project	(24,500)
Investment in the Lianshui Sunpower Clean Energy Co., Ltd., being the joint venture investment company in respect of the Lianshui Project	(28,500)
Balance Placement Proceeds	**160,894**

Each of the above utilisation of Placement Proceeds is consistent with the intended use as disclosed in the Company's circular to shareholders dated 20 November 2015.

Financial Statements

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of Sunpower Group Ltd. (the "Company") and its subsidiaries (together, the "Group") and the audited statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2015.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2015 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Guo Hong Xin
Ma Ming
Jiang Ning
Lau Ping Sum Pearce
Chin Sek Peng

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except for the options stated in paragraph 4.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations except as follows:

Name of directors and companies in which interests are held	**At January 1, 2015**	**At December 31, 2015**	**At January 21, 2016**
Interest in Sunpower Group Ltd.			
Ordinary shares of US$0.01 each			
Guo Hong Xin (deemed interest)	76,287,983	147,716,554	147,716,554
Ma Ming (deemed interest)	57,113,166	128,541,737	128,541,737

4 SHARE OPTIONS

(a) The Sunpower Employee Share Option Scheme 2015 (the "2015 ESOS") is administered by the Remuneration Committee which comprises:

Lau Ping Sum Pearce (Chairman)
Jiang Ning
Chin Sek Peng

A precedent share option scheme expired on February 2, 2015 without the issue of any options.

A total of 59,220,000 shares options were granted on May 19, 2015 under the 2015 ESOS which was approved by shareholders on April 29, 2015. Group Employees, Executive Directors, Non-Executive Directors, Controlling Shareholders and their Associates (all as defined in 2015 ESOS) can participate in the 2015 ESOS.

Subject to the absolute discretion of the Remuneration Committee, Controlling Shareholders and their Associates (as defined in the circular to the shareholders dated April 6, 2015) are eligible to participate in the 2015 ESOS, provided that the participation of each Controlling Shareholder or his Associate and each grant of an option to any of them may only be effected with the specific prior approval of independent shareholders in a general meeting by a separate resolution as provided for in the circular to shareholders.

(b) Unissued shares under option and options exercised

The aggregate number of shares for which options can be granted under the 2015 ESOS is subject to the maximum limit of 15% of the Company's total number of issued shares (excluding treasury shares) for the entire ten year duration of the 2015 ESOS. Grants to Controlling Shareholders and their Associates shall not exceed 25% of the shares available under the 2015 ESOS. In addition, grants to each Controlling Shareholder or his Associate shall not exceed 10% of the shares available under the 2015 ESOS.

Information on the number of options to subscribe for ordinary shares of the Company are presented below.

Date of grant	Balance at January 1, 2015 ('000)	Granted ('000)	Exercised ('000)	Cancelled/ Lapsed ('000)	Outstanding at December 31, 2015 ('000)	Exercise price per share	Exercisable period
May 19, 2015	–	59,220	–	–	59,220	S$0.116	May 20, 2017 to May 19, 2025

A total of 44,330,000 options were granted to employees of the Group during the financial year.

No employee or employee of the Group has received 5% or more of the total options available under this Scheme except as disclosed below.

There are no options granted to any of the Company's Controlling Shareholders or their Associates (as defined in the Singapore Exchange Securities Trading Limited ("SGX-ST")'s Listing Manual) except for as disclosed below.

Name of participant	Options granted during the financial year ('000)	Aggregate options granted since commencement of the Scheme to the end of financial year ('000)	Aggregate options exercised since commencement of the Scheme to the end of financial year ('000)	Aggregate options lapsed since commencement of the Scheme to the end of financial year ('000)	Aggregate options outstanding as at the end of financial year ('000)
Guo Hong Xin (Director)	5,922	5,922	–	–	5,922
Ma Ming (Director)	8,968	8,968	–	–	8,968
Li Feng (Employee)	5,120	5,120	–	–	5,120

During the financial year, there were no shares of the Company issued by virtue of the exercise of an option to take up unissued shares.

5 AUDIT COMMITTEE

The Board has adopted the principles of corporate governance as described in the Code of Corporate Governance 2012 with regards to the Audit Committee.

Members of the Audit Committee are:

Chin Sek Peng (Chairman)
Jiang Ning
Lau Ping Sum Pearce

The Audit Committee, comprising all of whom are non-executive directors met four times since the last Annual General Meeting to perform, *inter alia*, the following functions:

a. reviewing the audit plans of the external and internal auditors and their audit reports; the responses given by management and the co-operation given by the Group's management to auditors;

b. reviewing the adequacy of the Group's system of internal accounting controls with the Group's management and auditors;

c. reviewing the Group's quarterly, half-yearly and year-end financial results and the announcements as well as the year-end financial statements of the Company and the consolidated financial statements of the Group before submission to the Board for approval;

d. reviewing significant findings of internal investigations, if any;

e. recommending to the Board of Directors the appointment or re-appointment of the external auditors and approving the remuneration and terms of engagement of the external auditors;

f. reviewing interested person transactions falling within the scope of Chapter 9 of the SGX-ST's Listing Manual; and

g. other functions as required by statute or the SGX-ST's Listing Manual.

The Audit Committee has full access to and co-operation of the management and has been given the resources required for it to discharge its functions properly. It also has full discretion to invite any director and executive officer to attend its meetings. The auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming annual general meeting of the Company.

6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE BOARD

Guo Hong Xin

Ma Ming

March 23, 2016

INDEPENDENT AUDITORS' REPORT

To the Members of Sunpower Group Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of Sunpower Group Ltd. (the "Company") and its subsidiary corporations (the "Group") which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at December 31, 2015, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 33 to 86.

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 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.

Auditors' Responsibility

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

Wong-Yeo Siew Eng
Partner

March 23, 2016

STATEMENTS OF FINANCIAL POSITION

As at December 31, 2015

	Note	GROUP 2015 RMB'000	GROUP 2014 RMB'000	COMPANY 2015 RMB'000	COMPANY 2014 RMB'000
ASSETS					
Current assets					
Cash and cash equivalents	6	397,527	110,486	122,105	5,262
Pledged bank deposits	7	65,066	72,616	–	–
Trade receivables	8	1,261,959	1,035,494	–	–
Other receivables, deposits and prepayments	9	94,317	64,871	5,623	8,989
Inventories	10	234,823	265,325	–	–
Land use rights	12	1,412	1,411	–	–
Total current assets		2,055,104	1,550,203	127,728	14,251
Non-current assets					
Land use rights	12	146,297	47,599	–	–
Property, plant and equipment	13	307,013	282,672	–	–
Other receivables, deposits and prepayments	9	–	–	30,000	40,000
Subsidiaries	14	–	–	218,944	112,084
Intangible assets	15	2,534	8,700	–	–
Goodwill	31	5,483	–	–	–
Deferred tax assets	16	12,073	11,065	–	–
Total non-current assets		473,400	350,036	248,944	152,084
Total assets		2,528,504	1,900,239	376,672	166,335
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	17	871,721	652,233	–	–
Other payables	18	183,860	126,038	32,821	28,727
Borrowings	19	438,000	410,994	–	–
Income tax payable		18,094	12,608	–	–
Total current liabilities		1,511,675	1,201,873	32,821	28,727
Non-current liabilities					
Deferred tax liabilities	16	8,071	2,824	–	–
Borrowings	19	16,000	–	–	–
Total non-current liabilities		24,071	2,824	–	–
Capital and reserves					
Share capital	20	53,531	31,281	53,531	31,281
Share premium	21	266,938	75,379	266,938	75,379
General reserves	22	56,466	51,642	–	–
Share option reserve	23	4,897	–	4,897	–
Foreign currency translation reserve		111	(12)	–	–
Accumulated profits		590,126	515,254	18,485	30,948
Equity attributable to equity holders of the Company		972,069	673,544	343,851	137,608
Non-controlling interest		20,689	21,998	–	–
Total equity		992,758	695,542	343,851	137,608
Total liabilities and equity		2,528,504	1,900,239	376,672	166,335

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Financial year ended December 31, 2015

	Note	GROUP 2015 RMB'000	GROUP 2014 RMB'000 (Reclassified -Note 36)
Revenue	24	1,435,338	1,235,162
Cost of sales		(1,115,116)	(964,713)
Gross profit		320,222	270,449
Other operating income	25	14,777	17,857
Selling and distribution expenses		(39,090)	(39,542)
Administrative expenses		(151,736)	(134,508)
Other operating expenses		(21,547)	(14,958)
Finance costs	26	(23,939)	(27,281)
Profit before income tax	27	98,687	72,017
Income tax expense	28	(18,501)	(15,754)
Profit for the year		80,186	56,263
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign operation		123	(12)
Total comprehensive income for the year		80,309	56,251
Profit for the year attributable to:			
Equity holders of the Company		81,495	56,084
Non- controlling interest		(1,309)	179
Profit for the year		80,186	56,263
Total comprehensive income for the year attributable to:			
Equity holders of the Company		81,618	56,072
Non- controlling interest		(1,309)	179
Profit for the year		80,309	56,251
Earnings per share (RMB cents)			
- Basic	29	20.54	15.11
- Diluted	29	19.38	15.11

See accompanying notes to financial statements.

	Share capital RMB'000	Share premium RMB'000	General reserves (Note 22) RMB'000	Share option reserve RMB'000	Foreign currency translation reserve RMB'000	Accumulated profits RMB'000	Equity attributable to equity holders of the Company RMB'000	Non-controlling interest RMB'000	Total RMB'000
GROUP									
Balance at January 1, 2014	27,230	35,275	46,567	–	–	465,888	574,960	21,819	596,779
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	56,084	56,084	179	56,263
Other comprehensive income for the year	–	–	–	–	(12)	–	(12)	–	(12)
Total	–	–	–	–	(12)	56,084	56,072	179	56,251
Transactions with owners, recognised directly in equity									
Ordinary shares issued (Notes 20 and 21)	4,051	40,104	–	–	–	–	44,155	–	44,155
Dividend paid (Note 30)	–	–	–	–	–	(1,643)	(1,643)	–	(1,643)
Transfer to general reserves (Note 22)	–	–	5,075	–	–	(5,075)	–	–	–
Total	4,051	40,104	5,075	–	–	(6,718)	42,512	–	42,512
Balance at December 31, 2014	31,281	75,379	51,642	–	(12)	515,254	673,544	21,998	695,542
Balance at January 1, 2015	31,281	75,379	51,642	–	(12)	515,254	673,544	21,998	695,542
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	81,495	81,495	(1,309)	80,186
Other comprehensive income for the year	–	–	–	–	123	–	123	–	123
Total	–	–	–	–	123	81,495	81,618	(1,309)	80,309
Transactions with owners, recognised directly in equity									
Ordinary shares issued (Notes 20 and 21)	22,250	191,559	–	–	–	–	213,809	–	213,809
Dividend paid (Note 30)	–	–	–	–	–	(1,799)	(1,799)	–	(1,799)
Transfer to general reserve (Note 22)	–	–	4,824	–	–	(4,824)	–	–	–
Employee share option expenses (Note 23)	–	–	–	4,897	–	–	4,897	–	4,897
Total	22,250	191,559	4,824	4,897	–	(6,623)	216,907	–	216,907
Balance at December 31, 2015	53,531	266,938	56,466	4,897	111	590,126	972,069	20,689	992,758

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Financial year ended December 31, 2015

	Share capital RMB'000	Share premium RMB'000	Share option reserve RMB'000	Accumulated profits RMB'000	Equity attributable to equity holders of the Company RMB'000	Total RMB'000
COMPANY						
Balance at January 1, 2014	27,230	35,275	–	36,700	99,205	99,205
Loss for the year, representing total comprehensive loss for the year	–	–	–	(4,109)	(4,109)	(4,109)
Transactions with owners, recognised directly in equity						
Ordinary shares issued (Notes 20 and 21)	4,051	40,104	–	–	44,155	44,155
Dividend paid (Note 30)	–	–	–	(1,643)	(1,643)	(1,643)
Total	4,051	40,104	–	(1,643)	42,512	42,512
Balance at December 31, 2014	31,281	75,379	–	30,948	137,608	137,608
Loss for the year, representing total comprehensive loss for the year	–	–	–	(10,664)	(10,664)	(10,664)
Transactions with owners, recognised directly in equity						
Ordinary shares issued (Notes 20 and 21)	22,250	191,559	–	–	213,809	213,809
Employee share option expenses (Note 23)	–	–	4,897	–	4,897	4,897
Dividend paid (Note 30)	–	–	–	(1,799)	(1,799)	(1,799)
Total	22,250	191,559	4,897	(1,799)	216,907	216,907
Balance at December 31, 2015	53,531	266,938	4,897	18,485	343,851	343,851

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Financial year ended December 31, 2015

	GROUP	
	2015	2014
	RMB'000	RMB'000
Operating activities		
Profit before income tax	98,687	72,017
Adjustments for:		
Depreciation expense	27,792	26,102
Amortisation of intangible assets	(1,069)	2,574
Interest expense	23,939	27,281
Amortisation of land use rights	1,412	1,412
Exchange differences arising on foreign currency translation	(1,782)	144
Loss (Gain) on disposal of property, plant and equipment	161	(6)
Share option expense (Note 23)	4,897	—
Impairment (Reversal of) allowance on inventories	5,307	(2,531)
Interest income	(2,246)	(1,584)
Impairment allowance on trade and non-trade receivables – net of reversals	14,219	3,352
Impairment allowance on property, plant and equipment	1,794	–
Operating cash flows before movements in working capital	173,111	128,761
Trade receivables	(239,937)	123,803
Other receivables and prepayments	(9,958)	16,359
Inventories	25,195	(10,537)
Trade payables	219,418	(159,924)
Other payables	(18,872)	(26,618)
Cash generated from operations	148,957	71,844
Income tax paid	(13,615)	(18,912)
Interest received	2,246	1,584
Interest paid	(23,939)	(27,281)
Net cash from operating activities	113,649	27,235
Investing activities		
Purchase of property, plant and equipment	(20,092)	(43,931)
Acquisition of subsidiaries (Note 31)	(56,308)	–
Payment for land use rights acquired	(14,286)	(8,098)
Proceeds from disposal of property, plant and equipment	286	394
Net cash used in investing activities	(90,400)	(51,635)
Financing activities		
Proceeds from new borrowings	449,000	617,895
Proceeds of share issuance (Notes 20 and 21)	213,809	44,155
Pledged bank deposits	7,550	1,761
Payment of dividend	(1,799)	(1,643)
Repayment of borrowings	(405,994)	(646,021)
Net cash from financing activities	262,566	16,147
Net increase (decrease) in cash and cash equivalents	285,815	(8,253)
Cash and cash equivalents at beginning of year	110,486	118,798
Effects of foreign exchange rate changes	1,226	(59)
Cash and cash equivalents at end of year (Note 6)	397,527	110,486

See accompanying notes to financial statements.

1 GENERAL

The Company (Registration Number 35230) is incorporated in Bermuda, under the Companies Act 1981 of Bermuda, with its registered office at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda and principal place of business at No. 2111 Chengxin Road, Nanjing Jiangning Science Park, Nanjing, China 211112. The Company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Chinese Renminbi ("RMB").

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are detailed in Note 14 to the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2015 were authorised for issue by the Board of Directors on March 23, 2016.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis, except as disclosed below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS - On January 1, 2015, the Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following new/revised FRSs, INT FRSs and amendments to FRS that are relevant to the Group and the Company were issued but not yet effective:

- FRS 109 *Financial Instrument*[2]
- FRS 115 *Revenue from Contracts with Customer*[2]

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*[1]
- Improvements to Financial Reporting Standards (November 2014)[1]

[1] Applies to annual periods beginning on or after January 1, 2016, with early application permitted.
[2] Applies to annual periods beginning on or after January 1, 2018, with early application permitted.

Consequential amendments were also made to various standards as a result of these new/revised standards.

FRS 109 *Financial Instruments*

FRS 109 will replace FRS 39 *Financial Instruments:* Recognition and Measurement and introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting (iii) impairment requirements for financial assets.

Key requirements of FRS 109:

- With the adoption of FRS109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at fair value to other comprehensive income (FVTOCI), with only dividend income generally recognised in profit or loss. When such irrevocable election is made, gains and losses on disposal of the equity investment are also recorded in other comprehensive income and are not included in the profit and loss statement. Debt investments that are held within a business model whose objective is to collect contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by selling assets and by collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding, are measured FVTOCI. All other debt investments and equity investments are measured at Fair value to profit or loss (FVTPL) at the end of subsequent accounting periods except when the irrevocable option is made to measure an equity investment (that is not held for trading) at FVTOCI.

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk to be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in the existing FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Based on the existing nature and scope of the Group's financial instruments, management does not expect adoption of FRS109 to have a significant effect on the Group's financial statements. This may change should the nature or scope of the Group's financial instruments change in future.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1 : Identify the contract(s) with a customer.

Step 2 : Identify the performance obligations in the contract.

Step 3 : Determine the transaction price.

Step 4 : Allocate the transaction price to the performance obligations in the contract.

Step 5 : Recognise revenue when (or as) the entity satisfies a performance obligation.

Under FRS 115, an entity recognises revenue when, or as a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. More prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Extensive disclosures are required by FRS 115.

The Group is evaluating the effects of FRS 115 on its revenue contracts including new contracts awarded to the Group in early 2016. This assessment will be a continuing process as new revenue contracts are awarded.

Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*

The amendments have been made to the following:

- Materiality and aggregation - An entity shall not obscure useful information by aggregating or disaggregating information and materiality considerations apply to the primary statements, notes and any specific disclosure requirements in FRSs.

- Statement of financial position and statement of profit or loss and other comprehensive income - The list of line items to be presented in these statements can be aggregated or disaggregated as relevant. Guidance on subtotals in these statements has also been included.

- Presentation of items of other comprehensive income ("OCI") arising from equity-accounted investments - An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single items based on whether or not it will subsequently be reclassified to profit or loss.

- Notes - Entities have flexibility when designing the structure of the notes and guidance is introduced on how to determine a systematic order of the notes. In addition, unhelpful guidance and examples with regard to the identification of significant accounting policies are removed.

The Group does not expect the amendments to FRS 1 to have a material impact on the Group's financial statements upon initial adoption.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interest in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

In the Company's financial statements, investment in subsidiaries is carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS – Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

Business combinations involving entities under common control are accounted for under the merger method. Under merger accounting, the carrying values of the assets and liabilities of the parties to the combination are not adjusted to fair value on consolidation. Any difference between the cost of investment and the nominal value of the share capital acquired is put to a merger reserve.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets

Trade and other receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "trade" and "other receivables" respectively. These are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Cash and cash equivalents in the statement of cash flows

Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 180 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets (cont'd)

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risk and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the assets and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Financial guarantee contract liabilities are measured initially at their fair values and subsequently at the higher of the amount of obligation under the contract recognised as a provision and the amount initially recognised less cumulative amortisation in accordance with the revenue recognition policies described below.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Company and not designated as at fair value through profit or loss is recognised initially at its fair value. Subsequent to initial recognition, the Company measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognition with FRS 18 *Revenue*.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial positon when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankrupt.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost, less accumulated depreciation and any impairment losses.

Properties in the course of construction for production, supply or administration purpose, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives, using the straight-line method, on the following bases:

Buildings	-	5%
Leasehold improvements	-	20%
Plant and machinery	-	10%
Furniture, fixtures and equipment	-	20%
Motor vehicles	-	20%

No depreciation is provided on construction-in-progress.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

GOODWILL - Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired net of liabilities assumed.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

INTANGIBLE ASSETS

Intangible assets acquired separately

Intangible assets acquired separately are reported at cost less accumulated amortization (where they have finite useful lives) and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are not amortised. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy below.

TECHNICAL KNOW-HOW AND TRADEMARK - The technical know-how and trademark are measured initially at purchase cost and are amortised on a straight-line basis over its estimated useful life of 5 years and 10 years respectively.

LAND USE RIGHTS - Leasehold land premiums are up-front payments to acquire long term interest in lessee-occupied properties. The premiums are stated at cost and are amortised over the period of the lease of between 30 to 50 years on a straight-line basis to profit or loss.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL - At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

WORK-IN-PROGRESS - Work-in-progress is stated at cost plus recognised profits or losses less progress billings made. Cost includes materials, direct labour and sub-contract costs. Provision is made for anticipated losses, if any, on work-in-progress when the possibility of loss is ascertained.

When it is probable that the total project costs will exceed the total project revenue, the expected loss is recognised as an expense immediately.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

GOVERNMENT GRANTS - Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in the profit or loss in the period in which they become receivable.

SHARE-BASED PAYMENTS – The Group issues equity-settled share-based payments to certain employees.

Equity-settled share-based payments are measured at fair value of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from rendering of other services is recognised when the services are provided.

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion of contract costs incurred for work performed to date, relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and receipt of benefits is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are probably recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as expense immediately.

When the sum of contract costs incurred to date and recognised profits less recognised losses exceeds progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed the sum of contract costs incurred to date and recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work, and included as a liability in the consolidated statement of financial position. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Chinese Renminbi ("RMB"), which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's non-PRC foreign operations (including comparatives) are expressed in RMB using exchange rates prevailing on the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated foreign currency translation reserve, a component of equity. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying the Group's accounting policies

In the application of the Group's accounting policies, which are described in Note 2, management has not made critical judgements in applying the Group's accounting policies that may have a significant effect on the amounts recognised in financial statements except for the use of accounting estimates which are described below.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Recoverable amounts of trade and other receivables

Allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Specific allowance is made for trade receivables that are unlikely to be collected.

Management makes judgement relating to collection prospects and estimates the recoverable amounts as part of the credit risk management procedures described in Note 4(c)(iv). These estimates are evaluated and revised when there are new developments or information received in the course of monitoring and collecting outstanding debts.

Based on the most current assessment, management is of the view that the allowances made for doubtful debts are adequate and the carrying amount of the trade and other receivables as disclosed in Notes 8 and 9 to the financial statements are recoverable.

(b) Recoverable amounts of inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of selling expenses.

Slow moving or aged inventories are identified by management. This is in followed by an assessment of sales or usage prospects and a comparison of estimated net realisable values with carrying cost. Allowance is made for cost of inventories which are not expected to be recovered through usage or sales. Physical counts of inventories are carried out on a periodic basis and any identified defective inventory are written off.

Based on the most current assessment, management is of the view that the allowances made for inventories are adequate and the carrying amount of the inventories as disclosed in Note 10 to the financial statements is recoverable.

(c) Recoverable amounts of property, plant and equipment

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives, using the straight-line method. Management exercises judgement and makes accounting estimates when estimating the useful lives of the depreciable assets.

During the financial year ended December 31, 2014, a subsidiary suspended the production of foam glass due to unprofitable operations from lower demand and pricing after a change in regulations in People's Republic of China ("PRC") which lowered the standard of heat insulation materials used in civil buildings. Management engaged an independent external valuer to estimate the net realisable value of the plant and equipment of that subsidiary. Based on this estimate, an impairment loss allowance of RMB5,770,000 has been made to reduce the plant and equipment to their estimated net realisable value. Actual realised values from any future disposal on a willing buyer, willing seller basis may differ from such estimates.

In 2015, further impairment loss allowance of RMB 1,794,000 is recognised.

The carrying amount of the property, plant and equipment is disclosed in Note 13 to the financial statements.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(d) Revenue and costs of construction for long term contracts

Revenue and costs associated with a project are recognised as revenue and expenses respectively by reference to the stage of completion of a project activity at the end of the reporting period (measured as the proportion of contract costs incurred for work performed to date bear relative to the estimated total contract costs) except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer. When it is probable that the total project costs will exceed the total project revenue, the expected loss is recognised as an expense immediately. These computations are based on the presumption that the outcome of a project can be estimated reliably.

Total cost to completion are subject to judgement and estimation by management. Management performed cost studies, taking into account the costs to date and estimated cost to complete each project. Management also reviewed the status and the physical proportion of work completed for projects. Based on these procedures, management is satisfied that estimates of cost to complete projects are realistic, and the estimates of total project costs compared with expected revenues indicate full project recovery.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Capital risk management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. Management ensures that all externally imposed financial covenants are complied with.

As at the end of the reporting period, the Group is in compliance with all financial covenants for external borrowings.

The capital structure of the Group consists of equity and bank borrowings. Management reviews the capital structure on an on-going basis. As a part of this review, management considers the cost of capital, the tenure and the risks associated with each class of capital.

The Group's overall strategy relating to capital management remains unchanged from prior year.

(b) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	GROUP		COMPANY	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Financial assets				
Loans and receivables (including cash and bank balances and pledged bank deposits)	1,637,674	1,149,010	157,728	54,521
Financial liabilities				
Trade and other payables	840,174	503,215	32,821	28,727
Bank loans	454,000	410,994	–	–

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(c) Financial risk management policies and objectives

Management of the Group monitors and manages the financial risks relating to the operations of the Group to minimise the potential adverse effects of such risks on financial performance. These risks include market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

(i) Market risk

The Group's activities expose it to changes in foreign currency exchange rates and interest rates. Management monitors risks associated with changes in foreign currency exchange rates and interest rates, and will consider appropriate measures involving adjustment of pricing and timing of transactions should the need arise.

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

(ii) Foreign exchange risk management

The main foreign currencies which the Group's transactions are denominated in comprise United States dollars ("US$"), Singapore dollars ("S$") and Euro.

The carrying amounts of monetary assets and liabilities denominated in currencies other than the respective group entities' functional currencies at the reporting date are as follows:

	2015			2014		
	US$ RMB'000	S$ RMB'000	Euro RMB'000	US$ RMB'000	S$ RMB'000	Euro RMB'000
GROUP						
Cash and bank balances	52,468	113,211	854	13,875	6,095	84
Trade receivables	16,851	–	–	4,870	–	95
Trade payables	(1,418)	–	(520)	(404)	–	(636)
COMPANY						
Cash and bank balances	13	113,180	–	14	5,072	–

Foreign currency sensitivity

The following table details the sensitivity to a 5% change in exchange rate relative to Renminbi ("RMB"). The sensitivity analysis includes only outstanding foreign currency denominated monetary items at December 31 and adjusts their translation at the period end for a 5% change in foreign currency rates.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(c) Financial risk management policies and objectives

(ii) Foreign exchange risk management (cont'd)

A strengthening of the following foreign currencies by 5% relative to the RMB will increase (decrease) profits by the following amounts:

	US$ impact		S$ impact		Euro' impact	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
GROUP	3,395	917	5,661	305	17	(23)
COMPANY	1	1	5,659	254	–	–

Conversely, a weakening of RMB by 5% relative to the above foreign currencies would have the opposite effect on profits.

(iii) Interest rate risk management

Interest rate risk is managed by maintaining a mix of fixed and floating rate borrowings. The Group currently does not have an interest rate hedging policy. However, management monitors exposures to variability in interest rates and will consider restructuring the Group's credit facilities should the need arise.

The Group's exposures to variability in interest rates are detailed in the liquidity risk management section set out below.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For variable-rate bank borrowings, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis points increase or decrease is used as it represents management's assessment of the possible change in interest rates.

If interest rate had been 100 basis points higher/lower and all other variables were held constant, the Group's profit would increase/decrease by RMB2,063,600 (2014: decrease/increase by RMB370,577) respectively. This is mainly attributable to the Group's exposure to interest rates on its variable rate bank balances and borrowings and the Company's loan to a subsidiary. Sensitivity to changes in interest rates increased compared to the previous period end due to higher amounts of financial assets with variable interest rates.

(iv) Credit risk management

Credit risk refers to the risk that counterparties may default on their contractual obligations resulting in financial loss to the Group. Upfront deposits are obtained where appropriate and progressive billings made for longer term contracts as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by credit limits that are reviewed and approved by management. Information on counterparties supplied by independent rating agencies where available, other publicly available financial information and the Group's own historical transactions with these counterparties are used to make decisions relating to credit granted to customers or advances made to suppliers. The Group's exposure to credit risk, concentration risk and the credit terms granted to counterparties are monitored continuously.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(iv) Credit risk management (cont'd)

The Group's credit risk primarily relates to the Group's trade and other receivables, trade prepayments and bank balances. Trade receivables account for 50% (2014: 55%) of total assets. For contract related work, collection of debts including retention sums can involve extended period of time. Management closely monitors overdue trade debts. The recoverable amount of each individual trade debt is reviewed at the end of each reporting period. Such review takes into consideration the due date, the period the payment is overdue, the results of communications with debtors, adherence to installment payment plans or otherwise and current commercial information of debtors where available. Following the identification of doubtful debts, the responsible sales personnel discuss with the relevant customers and report on results of recovery actions and recovery prospects. Management is of the view that adequate allowance for doubtful debts has been made for irrecoverable amounts.

The Group is exposed to significant concentration of credit risk. The five largest customers accounted for approximately 22.5% (2014 : 13.8%) of the Group's total trade receivables as at December 31, 2015.

Other receivables, comprising substantially advance payments to suppliers and deposits account for 4% (2014: 3%) of total assets. To minimise risk, trade prepayments are generally made to suppliers with good credit ratings and with good trading history with the Group. At December 31, 2015, there is no concentration of credit risk with any particular supplier.

Bank balances are placed with reputable banking institutions in the PRC and Singapore.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at end of the financial period in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the statement of financial position.

Further details of credit risks on trade and other receivables are disclosed in Notes 8 and 9 to the financial statements respectively.

(v) Liquidity risk management

The Group maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows relative to expectations. Management monitors cash flows, utilisation of bank borrowings and compliance with financial covenants relating to credit facilities

Liquidity and interest risk analyses

Non-derivative financial assets

The following table shows the cash flows (principal and interest where applicable) based on the contractual or expected maturity of non-derivative financial assets. The adjustment column represents the difference between aggregate cash flows in the maturity table below and the amounts of the financial asset carried at amortised cost in the statement of financial position and represents future interest.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(v) Liquidity risk management (cont'd)

	Weighted average effective interest rate	On demand or less than 1 year	More than 1 to 5 years	Adjustment	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB›000
GROUP					
2015					
Non-interest bearing	–	1,298,248	–	–	1,298,248
Variable interest rate	0.35	275,307	–	(947)	274,360
Fixed interest rate	2.78	66,874	–	(1,808)	65,066
Total		1,640,429	–	(2,755)	1,637,674
2014					
Non-interest bearing	–	973,480	–	–	973,480
Variable interest rate	0.35	103,274	–	(360)	102,914
Fixed interest rate	3.06	74,838	–	(2,222)	72,616
Total		1,151,592	–	(2,582)	1,149,010
COMPANY					
2015					
Non-interest bearing	–	122,228	–	–	122,228
Variable interest rate	5.15	5,996	31,073	(1,569)	35,500
Total		128,224	31,073	(1,569)	157,728
2014					
Non-interest bearing	–	10,251	–	–	10,251
Variable interest rate	6.20	6,480	43,720	(6,200)	44,000
Total		16,731	43,720	(6,200)	54,251

Non-derivative financial liabilities

The following table shows the cash flows of financial liabilities based on the earliest dates on which the Group and Company are required to pay. The table includes both interest and principal cash flows. The adjustment column represents the difference between aggregate cash flows in the maturity table below and the amounts of the financial liabilities carried at amortised cost on the statement of financial position and represents future interest.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(v) Liquidity risk management (cont'd)

	Weighted average effective interest rate	On demand or less than 1 year	More than 1 to 5 years	Adjustment	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB›000
GROUP					
2015					
Non-interest bearing	–	840,174	–	–	840,174
Variable interest rate	5.79	68,977	–	(977)	68,000
Fixed interest rate	5.09	396,091	–	(10,091)	386,000
Total		1,305,242	–	(11,068)	1,294,174
2014					
Non-interest bearing	–	503,215	–	–	503,215
Variable interest rate	5.41	144,800	–	(4,829)	139,971
Fixed interest rate	6.04	275,315	–	(4,292)	271,023
Total		923,330	–	(9,121)	914,209
COMPANY					
2015					
Non-interest bearing	–	32,821	–	–	32,821
2014					
Non-interest bearing	–	28,727	–	–	28,727

(d) Fair value of financial assets and financial liabilities

The carrying amounts of cash and bank balances, trade and other current receivables, trade and other payables and bank loans approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair value of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

(e) Fair value of guarantees given by the Company

Management considered the nature of the guarantees given by the Company to banks which have provided loans to a subsidiary (Note 19) and the reliance on assets of other subsidiaries as support for the financial guarantee and determined that there is no significant fair value of the guarantee to be accounted for by the Company.

5 RELATED PARTY TRANSACTIONS

(a) Some of the Group's transactions and arrangements are with related parties and the effects of these, on the basis determined between the parties are reflected in these financial statements. The balances are unsecured, receivable or repayable on demand and interest-free unless stated otherwise.

Related parties comprise entities over which two of the Company's directors have significant influence or control; and non- controlling shareholders of partially held subsidiaries (Note 14).

Significant related party transactions:

	GROUP	
	2015	2014
	RMB'000	RMB'000
Sales of goods	–	727
Technology development fees	1,559	1,972
Staff costs and benefits	1,057	1,066
Rental expense	3,150	3,036
Purchase of raw materials	181	–
Technology service fees	–	38
Purchase of building materials	76	176
Acquisition of subsidiaries (Note 31)	11,246	–
Interest expense on advances from directors	–	253

The sales and purchases made are conducted on terms mutually agreed among the parties involved. The expenses charged are paid in accordance with the terms of the agreement entered into among the parties involved.

The nature and terms of transactions with related parties are reviewed by the Board of Directors.

<u>Subscription of placement shares of the Company (Note 20)</u>

Companies controlled by executive directors Mr Guo Hong Xin and Mr Ma Ming have each subscribed for 71,428, 571 of the new placement shares, for cash consideration of S$10,000,000.

6 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	397,527	110,486	122,105	5,262

Cash and bank balances comprise cash held by the Group and the Company and short-term bank deposits with maturity of three months or less. The average interest rate is 0.33% (2014 : 0.33%) per annum.

7 PLEDGED BANK DEPOSITS

	GROUP	
	2015	2014
	RMB'000	RMB'000
Pledged bank deposits	65,066	72,616

The above deposits are pledged to certain banks to secure the Group's bank loans. The deposits earn fixed interest rate ranging from 0.30% to 3.30% (2014 : 0.30% to 3.30%) per annum.

8 TRADE RECEIVABLES

	GROUP	
	2015	2014
	RMB'000	RMB'000
Outside parties	1,172,173	977,456
Less: Allowances for doubtful receivables	(44,362)	(31,903)
Net	1,127,811	945,553
Due from customers for contract works (Note 11)	133,899	89,516
Related parties (Note 5)	249	425
Total	1,261,959	1,035,494

Movement in the allowances for doubtful trade receivables:

Balance at beginning of year	31,903	29,108
Charge to profit or loss	13,249	3,342
Utilised	(790)	(547)
Balance at end of year	44,362	31,903

Trade receivables include notes receivable of RMB93,629,000 (2014: RMB160,338,000) which are endorsed for settlement of trade payable, with recourse to the Group in the event of non-payment by trade debtors.

The average credit period for trade receivables is 180 days (2014 : 180 days). No interest is charged on the overdue trade receivables.

Allowances made for irrecoverable amounts of trade receivables are estimated on the basis set out in Note 3.2 (a) and Note 4(c)(iv).

8 TRADE RECEIVABLES (cont'd)

The table below is an analysis of trade receivables as at December 31:

	GROUP	
	2015 RMB'000	2014 RMB'000
Not past due and not impaired	1,059,598	832,960
Past due but not impaired (i)	202,361	202,534
	1,261,959	1,035,494
Impaired receivables - collectively assessed (ii)	44,362	31,903
Less: Allowance for doubtful receivables	(44,362)	(31,903)
	–	–
Total trade receivables, net	1,261,959	1,035,494

(i) Ageing of receivables that are past due but not impaired:

	2015	2014
180 days to 360 days	75,183	64,308
1 to 2 years	83,824	83,136
2 to 3 years	35,598	24,340
Over 3 years	7,756	30,750
Total	202,361	202,534

(ii) These receivables are not secured by any collateral or credit enhancements.

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The directors believe that there are no further credit allowances required in excess of the allowance for doubtful receivables.

Retention sums receivable for contract work collectable within the normal operating cycles (which may be more than one year) amounted to RMB28,171,509 (2014 : RMB54,998,596).

9 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Advance payments for purchases	46,292	43,266	–	–
Deposits and prepayments	36,709	13,983	–	–
Government grant	3,000	–	–	–
Related parties (Note 5)	211	–	–	–
Dividend receivable	–	–	–	4,640
Loan to a subsidiary	–	–	35,500	44,000
Advances to:				
Staff	7,659	7,429	–	–
Non-controlling shareholder of a subsidiary (Note 5)	769	770	–	–
Others	2,862	1,638	123	349
Total	97,502	67,086	35,623	48,989
Less:				
Allowance for doubtful receivables	(3,185)	(2,215)	–	–
Net	94,317	64,871	35,623	48,989
Presentation on statement of financial position:				
Current assets	94,317	64,871	5,623	8,989
Non-current assets	–	–	30,000	40,000
Total	94,317	64,871	35,623	48,989
Movement in the allowance for doubtful receivables:				
Balance at beginning of year	2,215	2,205	–	–
Charge to profit or loss	970	10	–	–
Balance at end of year	3,185	2,215	–	–

Staff advances and advances to non-controlling interest shareholders are non-trade in nature, unsecured, interest-free and repayable on demand.

In determining the recoverability of other receivables the Group considers any change in the credit quality of the other receivable from the date credit was initially granted up to the reporting date. Accordingly, the management believe that there is no allowance required.

Loan to a subsidiary made in 2014 is unsecured and bears variable interest referenced to the rate quoted by the People's Bank of China. RMB8,500,000 has been paid in 2015; RMB5,500,000 is due on January 20, 2016; and RMB10,000,000 due annually on January 20 of each subsequent year. The carrying amount of the loan approximates its fair value.

10 INVENTORIES

	GROUP	
	2015	2014
	RMB'000	RMB'000
At cost less allowances for irrecoverable amounts:		
Raw materials and consumables	40,415	51,049
Work-in-progress	181,864	207,610
Finished goods	12,544	6,666
Total	234,823	265,325

Inventories are stated net of allowances for irrecoverable amounts.

	GROUP	
	2015	2014
	RMB'000	RMB'000
Movement in allowances for inventories:		
At beginning of year	11,298	14,101
Charge to profit or loss	8,413	2,759
Reversal of allowance, upon sale	(3,106)	(5,290)
Utilised	–	(272)
At end of year	16,605	11,298

11 CONTRACT WORK IN PROGRESS

Contract work in progress at end of the reporting period:

	GROUP	
	2015	2014
	RMB'000	RMB'000
Contract costs incurred plus recognised profits (less recognised losses to date)	540,315	183,138
Less: Progress billings	(406,416)	(93,622)
Trade receivables - Due from customers for contract works (Note 8)	133,899	89,516

Progress billings include advances received from customers for contract work amounting to RMB55,581,962 (2014 : RMB57,014,286).

12 LAND USE RIGHTS

	GROUP	
	2015 RMB'000	2014 RMB'000
Cost:		
At beginning of the year	57,178	57,178
Additions	14,286	–
Acquired on acquisition of subsidiaries (Note 31)	85,825	–
At end of the year	157,289	57,178
Accumulated amortisation:		
At beginning of the year	8,168	6,756
Charge	1,412	1,412
At end of the year	9,580	8,168
Carrying amount	147,709	49,010
Presentation in statement of financial position:		
Current assets	1,412	1,411
Non-current assets	146,297	47,599
Total	147,709	49,010

Land use rights are amortised over 30 years for Nanjing Shengnuo Heat Pipe Co., Ltd.; and over 50 years for Jiangsu Sunpower Technology Co., Ltd., Jiangsu Sunpower Machinery Manufacture Co., Ltd., Jiangsu Fuyou Industry Co., Ltd. and Hebei Changrun Environmental Ltd. The amortisation periods are in line with the business license of each of the subsidiaries.

At the end of the reporting period, land use rights with carrying amount of RMB6,166,813 (2014 : RMB20,639,833) are pledged to secure banking facilities granted to the subsidiaries.

13 PROPERTY, PLANT AND EQUIPMENT

GROUP	Buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Construction-in-progress RMB'000	Total RMB'000
Cost:							
At January 1, 2014	190,959	17,785	113,267	19,021	19,249	15,766	376,047
Additions (Note)	1,183	110	10,195	3,292	2,699	16,649	34,128
Disposal	–	–	(6)	(952)	(1,208)	–	(2,166)
Reduction of cost through government grant	–	–	(1,728)	–	–	–	(1,728)
Transfer	8,742	3,918	–	616	–	(13,276)	–
At December 31, 2014	200,884	21,813	121,728	21,977	20,740	19,139	406,281
Additions	–	684	6,792	2,709	3,071	6,836	20,092
Disposal	–	–	(1,149)	(410)	(444)	–	(2,003)
Reduction of cost through government grant	–	–	(6,000)	–	–	–	(6,000)
Acquired on acquisition of subsidiaries (Note 31)	–	–	–	115	374	39,905	40,394
Transfer	477	2,283	12,933	441	–	(16,134)	–
At December 31, 2015	201,361	24,780	134,304	24,832	23,741	49,746	458,764
Accumulated depreciation:							
At January 1, 2014	25,915	8,247	37,533	11,865	9,956	–	93,516
Depreciation	9,350	2,765	9,250	2,092	2,645	–	26,102
Disposal	–	–	(7)	(694)	(1,078)	–	(1,779)
At December 31, 2014	35,265	11,012	46,776	13,263	11,523	–	117,839
Depreciation	9,533	3,429	12,467	2,341	2,787	–	30,557
Adjustment due to reduction of cost through government grant	–	–	(2,765)	–	–	–	(2,765)
Disposal	–	–	(839)	(372)	(345)	–	(1,556)
Acquired on acquisition of subsidiaries (Note 31)	–	–	–	–	112	–	112
At December 31, 2015	44,798	14,441	55,639	15,232	14,077	–	144,187
Impairment loss recognised:							
At beginning of the year	–	–	5,759	11	–	–	5,770
During the year	–	–	1,794	–	–	–	1,794
At end of the year	–	–	7,553	11	–	–	7,564
Carrying amount:							
At December 31, 2015	156,563	10,339	71,112	9,589	9,664	49,746	307,013
At December 31, 2014	165,619	10,801	69,193	8,703	9,217	19,139	282,672

Note

In 2014, acquisition of property, plant and equipment included in the statement of cash flows amounted to RMB43,931,000. The incremental RMB9,803,000 over the 2014 acquisition cost comprise payment for part of the preceding year's acquisition.

At the end of the reporting period:

(i) buildings with carrying amount of RMB25,600,520 (2014 : RMB46,925,776) are pledged to secure banking facilities and loans granted to the Group; and

(ii) the property ownership certificate of one (2014 : one) of the subsidiaries' buildings with a carrying amount of RMB25,726,824 (2014 : RMB65,288,717) has yet to be issued by the authorities.

14 SUBSIDIARIES

	COMPANY	
	2015	2014
	RMB'000	RMB'000
Unquoted equity shares, at cost	*	*
Financial guarantee contracts	1,850	1,850
Amount due from subsidiaries	217,094	110,234
Total	218,944	112,084

* Amount less than RMB1,000

Amounts due from subsidiaries are unsecured, interest-free and not expected to be repayable within one year. As the amounts due from subsidiaries have no definite repayment period, it is not possible for management to calculate what the fair values of these balances are at the end of the reporting period.

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in these financial statements.

Details of the subsidiaries are as follows:

Subsidiaries	Cost of investments		Effective equity interest and voting power held		Place of incorporation/ operation	Principal activities
	2015	2014	2015	2014		
	RMB'000	RMB'000	%	%		
Held by Company:						
Sunpower International Holding (Singapore) Pte. Ltd.	*	*	100.0	100.0	Singapore	Investment holding
Sun Superior Holding Pte. Ltd.	*	*	100.0	100.0	Singapore	Investment holding
Held by subsidiaries:						
Jiangsu Sunpower Machinery Manufacture Co., Ltd. (Shares held by Sunpower International Holding (Singapore) Pte. Ltd.)	–	–	100.0	100.0	PRC	Manufacture and sale of pressure vessels products
Sunpower Technology (Jiangsu) Co., Ltd. (Shares held by Sunpower International Holding (Singapore) Pte. Ltd.)	–	–	100.0	100.0	PRC	Investment holding
Sino-Sunpower Technology Inc. (Shares held by Sunpower International Holding (Singapore) Pte. Ltd.)	–	–	100.0	100.0	United States of America ("U.S.A")	Sales, technical support and after-sale service

14 SUBSIDIARIES (cont'd)

Subsidiaries	Cost of investments		Effective equity interest and voting power held		Place of incorporation/ operation	Principal activities
	2015 RMB'000	2014 RMB'000	2015 %	2014 %		
Held by subsidiaries: (cont'd)						
Sunpower Clean Energy Investment (Jiangsu) Co., Ltd. (Shares held by Sunpower International Holding (Singapore) Pte. Ltd.) (1)	–	–	100.0	-	PRC	Environment and new energy-related business activities (Intended)
Nanjing Shengnuo Heat Pipe Co., Ltd. (Shares held by Sun Superior Holding Pte. Ltd.)	–	–	64.5	64.5	PRC	Manufacturing and trading of heat pipes and heat pipe exchangers, provision of installation and commissioning of relevant projects and provision of technical and consultation services
Jiangsu Sunpower Energy-Saving Technology Co., Ltd. (Shares held by Jiangsu Sunpower Machinery Manufacture Co., Ltd.)	–	–	70.0	70.0	PRC	Production and sale of foam glass products
Jiangsu Sunpower Technology Co., Ltd. (Shares held by Sunpower Technology (Jiangsu) Co., Ltd.)	–	–	100.0	100.0	PRC	Manufacturing and sale ofpressure vessels, designing, manufacturing and sale of pipe racks and hangers, provision of installation and commissioning of projects and provision of technical and consultation services
Jiangsu Sunpower Pressure Vessels Equipment Manufacturing Co. Ltd. (Shares held by Sunpower Technology (Jiangsu) Co., Ltd.)	–	–	100.0	100.0	PRC	Manufacturing and sale of pressure vessels products

14 SUBSIDIARIES (cont'd)

Subsidiaries	Cost of investments		Effective equity interest and voting power held		Place of incorporation/ operation	Principal activities
	2015	2014	2015	2014		
	RMB'000	RMB'000	%	%		
Held by subsidiaries: (cont'd)						
Quanjiao Sunpower Clean Energy Co. Ltd. (Shares held by Sunpower Technology (Jiangsu) Co. Ltd.) (1)	–	–	100.0	-	PRC	Supply steam/heat gas to enterprises
Jiangsu Sunpower Pipe-line Engineering Technology Co. Ltd. (Shares held by Jiangsu Sunpower Technology Co., Ltd.)	–	–	100.0	100.0	PRC	Designing, manufacturing and sale of pipe racks and hangers
Jiangsu Fuyou Industry Co., Ltd. (Shares held by Jiangsu Sunpower Pipe-line Engineering Technology Co. Ltd.) (2)	–	–	100.0	-	PRC	Manufacturing, installation and sale of heavy industrial machinery and provision of related services; new energy-saving material research; pollution emission treatment engineering design, installation and construction
Hebei Changrun Environmental Ltd (Shares held by Jiangsu Sunpower Technology Co., Ltd.) (2)	–	–	100.0	-	PRC	Central heating and power generation

* *Cost of investment amounted to S$1.00 (equivalent to RMB5.07).*

(1) *Newly incorporated in 2015.*

(2) *Newly acquired in 2015 (Note 31).*

The PRC subsidiaries are audited by Deloitte Touche Tohmatsu CPA LLP, Nanjing Branch for consolidation purposes.

The companies incorporated in Singapore and U.S.A are audited/reviewed respectively by Deloitte & Touche LLP, Singapore for consolidation purposes.

14 SUBSIDIARIES (cont'd)

Information about the composition of the Group at the end of the financial year is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries	
		2015	2014
Held by Company:			
Investment holding	Singapore	2	2
Held by subsidiaries:			
Manufacture and sales of pressure vessels products	PRC	2	2
Investment holding	PRC	1	1
Environment and new energy-related business activities	PRC	1	–
Manufacturing, installation and sale of heavy machinery	PRC	1	–
Supply steam/heat gas	PRC	1	–
Central heating and power generation	PRC	1	–
Sales, technical support and after sale services	U.S.A	1	1
Designing, manufacturing and sale of pipe racks and hangers	PRC	2	2
		12	8

Principal activity	Place of incorporation and operation	Number of non wholly-owned subsidiaries	
		2015	2014
Held by subsidiaries:			
Manufacturing and trading of heat pipes	PRC	1	1
Production and sale of foam glass products	PRC	1	1
		2	2

14 SUBSIDIARIES (cont'd)

Details of non-wholly owned subsidiary that have material non-controlling interest to the Group are disclosed below.

Details of non-wholly owned subsidiary that has material non-controlling interest

The table below shows details of non-wholly owned subsidiary of the Group that have material non-controlling interest:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2015	2014	2015	2014	2015	2014
				RMB'000	RMB'000	RMB'000	RMB'000
Nanjing Shengnuo Heat Pipe Co., Ltd	PRC	35.5%	35.5%	55	758	21,009	20,954

The following summarised financial information of Nanjing Shengnuo Heat Pipe Co., Ltd is presented before intragroup eliminations.

	Nanjing Shengnuo Heat Pipe Co Ltd	
	2015	2014
	RMB'000	RMB'000
Current assets	307,896	310,519
Non-current assets	46,114	48,142
Current liabilities	(294,420)	(299,638)
Equity attributable to owners of the Company	38,581	38,069
Non-controlling interests	21,009	20,954
Revenue	195,626	185,293
Expenses	(195,472)	(183,159)
Profit for the year, representing total comprehensive income for the year	154	2,134
Profit attributable to owners of the Company	99	1,376
Profit attributable to the non-controlling interests	55	758
Profit for the year	154	2,134
Total comprehensive income attributable to owners of the Company	99	1,376
Total comprehensive income attributable to the non-controlling interests	55	758
Total comprehensive income for the year	154	2,134
Dividends paid to non-controlling interests	–	–
Net cash inflow (outflow) from operating activities	10,671	(1,972)
Net cash outflow from investing activities	(1,303)	(5,065)
Net cash (outflow) inflow from financing activities	(1,910)	2,285
Net cash inflow (outflow)	7,458	(4,752)

15 INTANGIBLE ASSETS

	Technical know-how RMB'000	Trademark RMB'000	Total RMB'000
Group			
Cost:			
At January 1, 2014 and December 31, 2014	12,142	2,924	15,066
Reduction of cost through government grant	(7,235)	–	(7,235)
At December 31, 2015	4,907	2,924	7,831
Accumulated amortisation:			
Amortisation:			
At January 1, 2014	1,015	2,777	3,792
Amortisation for the year	2,427	147	2,574
At December 31, 2014	3,442	2,924	6,366
Amortisation for the year	2,428	–	2,428
Adjustment due to reduction of cost through government grant	(3,497)	–	(3,497)
At December 31, 2015	2,373	2,924	5,297
Carrying amount:			
At December 31, 2014	8,700	–	8,700
At December 31, 2015	2,534	–	2,534

16 DEFERRED TAX ASSETS (LIABILITIES)

	GROUP	
	2015 RMB'000	2014 RMB'000
(a) Deferred tax assets		
At beginning of year	11,065	10,208
Credit to profit or loss (Note 28)	1,008	857
At end of year	12,073	11,065

The following are the major deferred tax assets recognised by the Group, and the movements thereon, during the current and prior reporting periods:

	Allowance for doubtful receivables RMB'000	Allowance for inventories RMB'000	Government grant related assets RMB'000	Unutilised tax losses RMB'000	Total RMB'000
At January 1, 2014	4,697	2,123	3,346	42	10,208
Credit (Charge) to profit or loss for the year	421	(401)	879	(42)	857
At December 31, 2014	5,118	1,722	4,225	–	11,065
Credit (Charge) to profit or loss for the year	2,014	417	(1,423)	–	1,008
At December 31, 2015	7,132	2,139	2,802	–	12,073

16 DEFERRED TAX ASSETS (LIABILITIES) (cont'd)

	GROUP	
	2015	2014
	RMB'000	RMB'000
(b) Deferred tax liabilities		
At beginning of year	(2,824)	(2,487)
Charge to profit or loss (Note 28)	(408)	(337)
Acquisition of subsidiary	(4,839)	–
At end of year	(8,071)	(2,824)

RMB3,232,000 (2014: RMB2,824,000) of deferred tax liability relates to PRC withholding tax on the estimated amount of retained earnings of the Group which may be remitted in future to disburse expenses or pay dividends. RMB4,839,000 (2014: Nil) of deferred tax liability relates to fair value gain on assets acquired through acquisition of subsidiaries (Note 31).

17 TRADE PAYABLES

	GROUP	
	2015	2014
	RMB'000	RMB'000
Outside parties	680,590	411,372
Deposits from customers	141,649	209,829
Notes payables	48,937	29,418
Related parties (Note 5)	545	1,614
Total	871,721	652,233

The average credit period on purchases of goods is 180 days (2014 : 180 days).

18 OTHER PAYABLES

	GROUP		COMPANY	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Related parties (Note 5)	6,988	7,316	–	–
Third party	41,073	22,601	–	–
Accruals and other liabilities	33,620	5,608	13,082	9,108
Accruals for payroll	28,421	25,286	–	–
Value-added taxes and other other tax liabilities	18,235	22,857	–	–
Government grant received yet to be applied pending satisfaction of conditions	55,523	42,370	–	–
Subsidiaries	–	–	19,739	19,619
Total	183,860	126,038	32,821	28,727

The amount due to subsidiaries, related parties and directors are non-trade in nature, unsecured, interest-free and repayable on demand.

19 BORROWINGS

	GROUP	
	2015 RMB'000	2014 RMB'000
Bank loans of:		
Subsidiary A - Jiangsu Sunpower Technology Co., Ltd	368,000	297,846
Subsidiary B - Nanjing Shengnuo Heat Pipe Co., Ltd	76,000	78,148
Subsidiary C - Jiangsu Sunpower Machinery Manufacture Co., Ltd	10,000	35,000
Total borrowings	454,000	410,994
Presentation in statement of financial position:		
Current liabilities payable within one year	438,000	410,994
Non-current liabilities	16,000	–
Total	454,000	410,994

(a) The bank loans of Subsidiary A, which are repayable within 12 months, are:

	2015 RMB'000	2014 RMB'000
Secured by building and land use rights of the subsidiary and guaranteed by the Company	–	30,000
Secured by letter of credit	50,000	–
Secured by third party	10,000	–
Guaranteed by another subsidiary	213,000	139,601
Guaranteed by Company	60,000	40,000
Guaranteed by the Company and a subsidiary	20,000	20,000
Pledged by bank deposits	–	62,500
Pledged by undiscounted notes receivables	–	5,745
Unsecured	15,000	–
Total	368,000	297,846

The bank loans bear weighted average effective interest rate of 5.06% (2014 : 5.81%) per annum.

(b) The bank loans of Subsidiary B, which are repayable within 12 months, are:

	2015 RMB'000	2014 RMB'000
Secured by land use rights and buildings and guaranteed by other subsidiarie	40,000	40,000
Guaranteed by other subsidiaries	36,000	18,000
Jointly guaranteed by two subsidiaries	–	10,000
Discounted notes receivables	–	10,148
Total	76,000	78,148

The bank loans bear weighted average effective interest rate of 5.75% (2014 : 6.54%) per annum.

19 BORROWINGS (cont'd)

(c) The bank loans of Subsidiary C, which are repayable within 12 months, are:

	2015 RMB'000	2014 RMB'000
Secured by buildings and land use rights of the subsidiary	–	35,000
Guaranteed by third party	10,000	–
Total	10,000	35,000

The bank loans bear weighted average effective interest rate at 6.09% (2014 : 6.30%) per annum.

The carrying amount of the bank loans approximates their fair value.

20 SHARE CAPITAL

	GROUP AND COMPANY			
	2015	2014	2015	2014
	Number of ordinary shares of US$0.01 each			
	'000	'000	RMB'000	RMB'000
Authorised share capital:				
At the beginning and end of year	800,000	800,000	66,355	66,355
Issued and fully paid up:				
At the beginning of the year	394,800	329,000	31,281	27,230
Issued for cash	342,857	65,800	22,250	4,051
At the end of the year	737,657	394,800	53,531	31,281

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

On December 30, 2015, the Company issued 342,857,142 (2014: 65,800,000) ordinary shares of an issue price of S$0.14 (2014: S$0.14) per share through a private placement exercise.

Companies controlled by executive directors Mr Guo Hong Xin and Mr Ma Ming have each subscribed for 71,428,571 of the new placement shares, for cash consideration of S$10,000,000.

21 SHARE PREMIUM

	GROUP AND COMPANY	
	2015 RMB'000	2014 RMB'000
At the beginning of the year	75,379	35,275
Additions during the year arising from issuance of ordinary shares at a premium over the par value (Note 20)	191,559	40,104
At the end of the year	266,938	75,379

22 GENERAL RESERVES

	GROUP	
	2015	2014
	RMB'000	RMB'000
Statutory surplus reserve fund:		
At the beginning of the year	47,544	42,563
Transfer during the year from accumulated profits	4,824	4,981
At the end of the year	52,368	47,544
Enterprise expansion fund:		
At the beginning of the year	4,098	4,004
Transfer during the year from accumulated profits	–	94
At the end of the year	4,098	4,098
Total	56,466	51,642

Companies in PRC are required by regulation to appropriate 10% of annual PRC accounting profit to the reserve fund until the reserve reaches 50% of the registered capital. The statutory surplus reserve fund may be used to make up prior year losses incurred and, with approval from relevant government authority, to increase capital. The reserve is not available for distribution as dividends to shareholders.

Appropriation from the PRC accounting profit to the enterprise expansion fund is at the discretion of the Company at rates determined by the Company. The enterprise expansion fund, subject to approval by relevant government authority, may also be used to increase capital.

23 SHARE OPTION RESERVE

	GROUP AND COMPANY	
	Number of share options ('000)	Exercise price RMB
Share options granted during the year and outstanding at the end of the year	59,220	0.53

The Group and the Company recognised total expenses of RMB4,897,000 related to equity-settled share-based payment transactions during the year.

A total of 59,220,000 shares options were granted on May 19, 2015 under the Sunpower Employee Share Option Scheme 2015 ("2015 ESOS") which was approved by shareholders on April 29, 2015. Group Employees, Executive Directors, Non-Executive Directors, Controlling Shareholders and their Associates (all as defined in 2015 ESOS) can participate in the 2015 ESOS.

Subject to the absolute discretion of the Remuneration Committee, Controlling Shareholders and their Associates (as defined in the circular to the shareholders dated April 6, 2015) are eligible to participate in the 2015 ESOS, provided that the participation of each Controlling Shareholder or his Associate and each grant of an option to any of them may only be effected with the specific prior approval of independent shareholders in a general meeting by a separate resolution as provided for in the circular to shareholders.

Share options are exercisable at S$0.116 (equivalent to RMB0.53). These share options are exercisable at any time 2 years after the date of grant. Any unexercised options will expire 10 years from date of grant. Options are forfeited if the grantee leaves the Group before the options vest.

Of the 59,220,000 share options granted, 5,922,000 share options were granted to Mr. Guo Hong Xin, Executive Director of the Company; 8,968,000 share options were granted to Mr. Ma Ming, Executive Director of the Company; and the remaining 44,330,000 share options were granted to Group Employees.

23 SHARE OPTION RESERVE (cont'd)

The estimated fair value of options granted to Mr. Guo and Mr. Ma was S$0.052 (equivalent to RMB0.24) and the estimated fair value of options granted to Group Employees was S$0.0604 (equivalent to RMB0.28).

These fair values were calculated using the Binomial model with inputs as follow:

	Mr. Guo and Mr. Ma	Group employees
Weighted average share price (RMB)	0.67	0.67
Weighted average exercise price (RMB)	0.53	0.53
Expected volatility	38.89%	44.44%
Expected life	3 years	5 years
Risk free rate	0.98%	1.56%
Expected dividend yield	0.68%	0.68%

Expected volatility for options granted to Mr. Guo, Mr. Ma; and to Group Employees were determined by calculating the historical volatility of the Company's share price over the past 3 and 5 years prior to the date of grant of May 19, 2015 respectively.

24 REVENUE

	GROUP	
	2015 RMB'000	2014 RMB'000
Sales of goods	1,006,473	962,888
Construction contracts	405,749	257,144
Provision of other services	23,116	15,130
Total	1,435,338	1,235,162

25 OTHER OPERATING INCOME

	GROUP	
	2015 RMB'000	2014 RMB'000 (Reclassified-Note36)
Government grant	2,444	4,080
Interest income	2,246	1,584
Foreign exchange gain	3,973	–
Reversal of impairment allowance on trade and non-trade receivables	4,969	11,347
Others	1,145	846
Total	14,777	17,857

26 FINANCE COSTS

	GROUP	
	2015 RMB'000	2014 RMB'000
Interest expenses:		
- On bank loans	23,939	26,838
- On related parties advance (Note 5)	–	253
- On term note	–	190
Total	23,939	27,281

27 PROFIT BEFORE INCOME TAX

(a) This has been arrived at after charging (crediting):

	GROUP	
	2015 RMB'000	2014 RMB'000
Amortisation of land use rights *	1,412	1,412
Amortisation of intangible assets *	2,428	2,574
Audit fees:		
- to auditors of the Company	613	617
- to other auditors	1,080	940
Non-audit fees:		
- to auditors of the Company	23	–
Cost of inventories sold included in cost of sales	1,107,257	958,377
Defined contribution plans	27,467	23,010
Depreciation of property, plant and equipment	30,557	26,102
Directors' fees - Directors of the Company	989	864
Directors' remuneration - Directors of the Company	11,682	8,702
Loss (Gain) on disposal of property, plant and equipment	161	(6)
Impairment (Reversal of) allowance on inventories	5,307	(2,531)
Impairment allowance on trade and non-trade receivables *	19,188	14,699
Reversal of impairment allowance on trade and non-trade receivables	(4,969)	(11,347)
Impairment allowance on property, plant and equipment	1,794	–
Research and development expenses	47,302	45,410
Salaries and wages	207,113	191,588

* *included in other operating expenses*

27 PROFIT BEFORE INCOME TAX (cont'd)

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the financial year were as follows:

	GROUP	
	2015 RMB'000	2014 RMB'000
Short-term benefits	12,956	9,842
Other staff benefits	207	192
Share-based payments	1,405	–
Total	14,568	10,034

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

28 INCOME TAX EXPENSE

Income tax recognised in profit or loss:

	GROUP	
	2015 RMB'000	2014 RMB'000
Tax expense comprises:		
Current tax expense	18,013	16,943
Adjustments recognised in the current year in relation to the current tax of prior year	1,088	(669)
Deferred tax (Note 16)	(600)	(520)
Total tax expense	18,501	15,754

The income tax expense varied from the amount of income tax expense determined by applying the PRC income tax rate of 25% to profit before income tax as a result of the following differences:

	GROUP	
	2015 RMB'000	2014 RMB'000
Profit before income tax	98,687	72,017
Income tax expense calculated at PRC income tax rate of 25%	24,672	18,004
Tax effect of non-deductible items	9,097	6,708
Effect of tax exemption and tax incentives	(16,356)	(8,289)
Under (Over) provision of current tax in prior years	1,088	(669)
Income tax expense	18,501	15,754

28 INCOME TAX EXPENSE (cont'd)

(a) Jiangsu Sunpower Technology Co., Ltd. and Nanjing Shengnuo Heat Pipe Co., Ltd.

The above subsidiaries are foreign investment enterprises located in Nanjing, Jiangsu Province, PRC, where the statutory tax rate is 25%. In 2009, the two subsidiaries received official approval for a preferential tax rate of 15%, for three years beginning 2009, under the "New and High Tech Enterprises" scheme. In 2011 and 2014, the subsidiaries renewed the scheme to enjoy the same preferential tax rate for a further three financial years starting from January 1, 2012 and January 1, 2015 respectively.

(b) Jiangsu Sunpower Machinery Manufacture Co., Ltd. and Sunpower Technology (Jiangsu) Co., Ltd.

Jiangsu Sunpower Machinery Manufacture Co., Ltd. and Sunpower Technology (Jiangsu) Co., Ltd. are foreign investment enterprises located in Nanjing Chemical Industry Park, Jiangsu Province, PRC and Jiangning Science Park, Nanjing, Jiangsu Province, PRC, respectively where the statutory tax rate is 25%. The companies are taxed at 25% for both 2015 and 2014.

(c) Jiangsu Sunpower Energy-Saving Technology Co., Ltd.

Under the PRC Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate is 25% from January 1, 2008 onwards. No provision for income tax has been made as the subsidiary has no assessable profit in 2015 and 2014.

(d) Jiangsu Sunpower Pressure Vessels Equipment Manufacturing Co., Ltd. and Jiangsu Sunpower Pipe-line Engineering Technology Co., Ltd.

The above subsidiaries are foreign investment enterprises located in Nanjing, Jiangsu Province, PRC, where the statutory tax rate is 25%. In 2015, they received official approval for a preferential tax rate of 15%, for three years beginning 2015, under the "New and High Tech Enterprises" scheme.

(e) Sunpower Clean Energy Investment (Jiangsu) Co., Ltd., Quanjiao Sunpower Clean Energy Co. Ltd., Sunpower Jiangsu Fuyou Industry Co., Ltd. and Hebei Changrun Environmental Ltd

These new subsidiaries incorporated in PRC are subject to 25% tax rate under EIT law.

29 EARNINGS PER SHARE

	GROUP	
	2015 RMB'000	2014 RMB'000
Earnings:		
Profit attributable to equity holders of the Company (RMB'000)	81,495	56,084
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic earnings per share ('000)	396,679	371,184
Effect of dilutive potential ordinary shares:		
Share options	23,845	–
Weighted average number of ordinary shares for the purposes of diluted earnings per share ('000)	420,524	371,184
Basic earnings per share (RMB cents)	20.54	15.11
Diluted earnings per share (RMB cents)	19.38	15.11

30 DIVIDENDS

Subsequent to the end of the reporting period, the directors of the Company recommended that a first and final tax exempt dividend of S$0.0012 per ordinary share totalling S$885,189 (equivalent to RMB3,983,349) for the financial year just ended be paid. In accordance with FRS 10 - *Events after the Reporting Period*, the amount is not taken up as a liability.

In 2015, a first and final tax exempt dividend of S$0.001 per ordinary share totalling S$394,800 (equivalent to RMB1,799,000) was paid to shareholders in respect on the financial year ended December 31, 2014.

In 2014, a first and final tax exempt dividend of S$0.001 per ordinary share totalling S$329,000 (equivalent to RMB1,643,000) was paid to shareholders in respect on the financial year ended December 31, 2013.

31 ACQUISITION OF SUBSIDIARIES

On December 30, 2015 and July 31, 2015, the Group acquired 100% of the issued share capital of Hebei Changrun Environmental Ltd ("HBCR") and Jiangsu Fuyou Industry Co., Ltd. ("JSFY") for consideration of RMB29,000,000 and RMB11,245,730 respectively. The acquisition of HBCR is a business combination accounted for under the acquisition method. The acquisition of JSFY is in substance an acquisition of assets, including the right to acquire land use rights, net of liabilities assumed. JSFY has no business operation at date of acquisition.

JSFY is acquired from Jiangsu Sunpower Fuyou Holding Co., Ltd., a company in which Mr Guo Hong Xin and Mr Ma Ming, the executive directors of the Group, each hold 45% of the entire issued and paid-up share capital. The acquisition is made at arms-length.

Assets acquired and liabilities assumed at the date of acquisition

Hebei Changrun Environmental Ltd

	Total RMB'000
Current assets	
Cash and cash equivalents	55,302
Other receivables	872
Non-current assets	
Land use rights	85,825
Property, plant and equipment	39,270
Current liabilities	
Other payables [1]	(152,913)
Non-current liabilities	
Deferred tax liabilities	(4,839)
Assets acquired net of liabilities assumed	23,517

(1) Includes RMB34,362,000 of government grant received yet to be applied pending satisfaction of conditions.

Goodwill arising on acquisition

Hebei Changrun Environmental Ltd

	Total RMB'000
Cash consideration	29,000
Less: fair value of identifiable net assets acquired	(23,517)
Goodwill arising on acquisition	5,483

The goodwill has been allocated to the Green Investments segment (Note 35). Management expects the goodwill to be fully recoverable from the operations of HBCR in future.

31 ACQUISITION OF SUBSIDIARIES (cont'd)

Assets acquired and liabilities assumed at the date of acquisition

Jiangsu Fuyou Industry Co., Ltd.

	Total RMB'000
Current assets	
Cash and cash equivalents	236
Other receivables	17,358
Non-current assets	
Property, plant and equipment	1,012
Current liabilities	
Other payables	(8,617)
Assets acquired net of liabilities assumed	9,989

Net cash outflow on acquisition of subsidiaries

	Total RMB'000
Consideration paid in cash within 2015 (2)	26,246
Add: Advances to HBCR before acquisition date	85,600
Less: cash and cash equivalent balances acquired	(55,538)
	56,308

(2) Of the total cash consideration of RMB40,426,000, RMB14 million of consideration remains unpaid as at December 31, 2015 and is included in accruals and other liabilities in Note 18.

32 OPERATING LEASE COMMITMENTS

	GROUP	
	2015 RMB'000	2014 RMB'000
Minimum lease payments paid under operating leases recognised as an expense in the year	6,974	5,480

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	GROUP	
	2015 RMB'000	2014 RMB'000
Within one year	4,091	3,244
In the second to fifth years inclusive	4,206	6,684
Total	8,297	9,928

32 OPERATING LEASE COMMITMENTS (cont'd)

Operating lease payments represent rentals payable by the Group for premises with lease ranging terms from 1 to 20 years (2014 : 1 to 20 years).

As at December 31, 2015 and 2014, the Company did not have any outstanding commitments under non-cancellable operating leases.

33 CAPITAL COMMITMENTS

	GROUP	
	2015 RMB'000	2014 RMB'000
For acquisition of property, plant and equipment	86,549	22,601

34 CONTINGENT LIABILITIES

	Company	
	2015 RMB'000	2014 RMB'000
Unsecured guarantees given to banks for facilities granted to a subsidiary	80,000	90,000

35 SEGMENT INFORMATION

The Group determines its operating segments based on components of the Group's business which are reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

In 2014 and up to the third quarter of 2015, the Group prepared information on financial performance based on the following operating divisions:

(1) Heat pipes and heat pipe exchangers;

(2) Pipes supports;

(3) Heat exchangers and pressure vessels; and

(4) Energy saving and environmental protection systems.

The year 2015 marked a critical milestone for the Group, where we leveraged on our existing technologies and expertise to expand our business into the area of air pollution and smog governance projects and work towards achieving a recurring income stream for the Group in the medium term. We have secured projects within 2015 and within the first 2 months of 2016. By December 31, 2015, assets and liabilities associated with this business were approximately RMB 187million and RMB 158 million respectively; and we expect this segment to commence generating revenue from 2016 onwards.

Consequently, the Group has changed its business segments; creating the new business segment of "Green Investments". In future, any revenue from operations under build-operate-transfer, build-own-operate and transfer-operate-transfer business models relating to projects with environmental impact will fall within "Green Investments"; and any engineering, procurement and construction revenue from the same projects will be included in "Engineering, procurement and construction integrated solutions" segment, previously named as "Energy saving and environmental protection systems" segment.

35 SEGMENT INFORMATION (cont'd)

The change to the following 3 business segments in 2015 have been made consistent with the segmental analysis used to allocate resources and to assess performance since the fourth quarter of 2015:

(1) Environmental equipment manufacturing ("EEM");

(2) Engineering, procurement and construction integrated solutions ("EPC"); and

(3) Green investments.

Comparative changes have been made for the year 2014 in these financial statements.

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 2 to the financial statements. Segment results represent the profits earned by each segment without allocation of central administration costs, director's remuneration, interest income, foreign exchange gains and losses, income tax and finance costs at corporate level.

Inter-segment transfers: Segment revenue and expenses include transfers between business segments. Inter-segment sales are charged at prevailing market prices. These transfers are eliminated on consolidation.

Segment information about the Group's operating segments are presented below. 2014 segment information have been re-organised and restated for comparability with the 2015 segment information.

	Environmental equipment manufacturing	EPC integrated solutions	Green investments	Total
	RMB'000	RMB'000	RMB'000	RMB'000
2015				
REVENUE	991,724	443,614	–	1,435,338
RESULT				
Segment result	100,749	34,130	–	134,879
Unallocated corporate expenses				(14,499)
Interest income	1,628	618	–	2,246
Finance cost	(19,059)	(4,880)	–	(23,939)
Profit before income tax				98,687
Income tax expense				(18,501)
Profit after income tax				80,186
2014 (Reclassified)				
REVENUE	1,005,549	229,613	–	1,235,162
RESULT				
Segment result	91,418	16,779	–	108,197
Unallocated corporate expenses				(10,483)
Interest income	1,404	180	–	1,584
Finance cost	(24,997)	(2,284)	–	(27,281)
Profit before income tax				72,017
Income tax expense				(15,754)
Profit after income tax				56,263

35 SEGMENT INFORMATION (cont'd)

Segment assets represent property, plant and equipment, land use rights, intangible assets, deferred tax assets, inventories, trade receivables, other receivables, deposits and prepayments, pledged bank deposits and bank balances and cash, which are attributable to each operating segments. Segment liabilities represent trade and other payables, tax payables, bank borrowings, amount due to customers for contract work and deferred tax liabilities, which are attributable to each operating segments.

Unallocated corporate assets mainly represent bank balances and cash, other receivables, deposits and prepayments at corporate level.

Unallocated corporate liabilities represent other payables at corporate level.

Statement of Net Assets	Environmental equipment manufacturing	EPC integrated solutions	Green investments	Total
	RMB'000	RMB'000	RMB'000	RMB'000
2015				
Assets:				
Segment assets	1,639,153	578,606	187,292	2,405,051
Unallocated assets				123,453
Total assets				2,528,504
Liabilities:				
Segment liabilities	886,222	474,710	158,280	1,519,212
Unallocated liabilities				16,534
Total liabilities				1,535,746
2014 (Restated)				
Assets:				
Segment assets	1,670,290	221,845	–	1,892,135
Unallocated assets				8,104
Total assets				1,900,239
Liabilities:				
Segment liabilities	992,030	203,464	–	1,195,494
Unallocated liabilities				9,203
Total liabilities				1,204,697

35 SEGMENT INFORMATION (cont'd)

OTHER INFORMATION	Environmental equipment manufacuring	EPC integrated solutions	Green investments	Total
	RMB'000	RMB'000	RMB'000	RMB'000
2015				
Capital expenditure				
- Property, plant and equipment	17,084	3,008	–	20,092
- Land use rights	14,286	–	–	14,286
Depreciation expense	29,864	693	–	30,557
Impairment allowance on:				
- trade and non-trade receivables - net	11,660	2,559	–	14,219
- inventories	65	5,242	–	5,307
- property, plant and equipment	1,794	–	–	1,794
Amortisation of intangible assets	–	2,428	–	2,428
Amortisation of land use rights	1,392	20	–	1,412
2014 (Restated)				
Capital expenditure				
- Property, plant and equipment	40,525	3,406	–	43,931
- Land use rights	6,445	1,653	–	8,098
Depreciation expense	25,386	716	–	26,102
Impairment (Reversal) of allowance on:				
- trade and non-trade receivables - net	4,744	(1,392)	–	3,352
- inventories	(2,531)	–	–	(2,531)
Amortisation of intangible assets	146	2,428	–	2,574
Amortisation of land use rights	1,392	20	–	1,412

Geographical information

The geographical locations of the customers of the Group principally comprise the PRC, Canada, U.S.A, Europe, Middle East, South East Asia and South America.

The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from external customer		Non–current assets	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
PRC	1,265,272	1,153,347	473,400	350,036
Canada	18,300	–	–	–
U.S.A	27,416	7,577	–	–
South East Asia	52,191	59,764	–	–
Middle East	65,767	6,195	–	–
Europe	1,493	6,063	–	–
South America	4,899	2,216	–	–
Total	1,435,338	1,235,162	473,400	350,036

Information about major customers

There is no single customer which contributes 10% or more of the revenue in 2015 and 2014 respectively.

36 RECLASSIFICATIONS AND COMPARATIVE FIGURES

In 2015, the Group classifies reversal of allowances for doubtful receivables no longer required as Other Operating Income and allowance for doubtful receivables as Other Operating Expenses.

In 2014, the Group presents the net allowance as Other Operating Expenses.

To facilitate comparability with the presentation in 2015, gross amounts of allowances reversed and allowances made are presented for 2014 with impact as follows:

	Group		
	Previously reported 2014 RMB'000	Reclassification 2014 RMB'000	After reclassification 2014 RMB'000
Other operating income (Note 25)	6,510	11,347	17,857
Other operating expenses	(3,611)	(11,347)	(14,958)

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	1	0.11	49	0.00
100 - 1,000	37	4.11	30,034	0.00
1,001 - 10,000	322	35.82	2,389,500	0.32
10,001 - 1,000,000	515	57.29	32,573,050	4.42
1,000,001 AND ABOVE	24	2.67	702,664,509	95.26
TOTAL	**899**	**100.00**	**737,657,142**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	UOB KAY HIAN PRIVATE LIMITED	147,499,949	20.00
2	OCBC SECURITIES PRIVATE LIMITED	101,747,298	13.79
3	LIN YUCHENG	100,000,000	13.56
4	SUNPOWER BUSINESS GROUP PTE. LTD.	71,428,571	9.68
5	TOURNAN TRADING PTE. LTD.	71,428,571	9.68
6	JOYFIELD GROUP LIMITED	66,154,120	8.97
7	DBS NOMINEES (PRIVATE) LIMITED	65,976,200	8.94
8	PHILLIP SECURITIES PTE LTD	12,430,400	1.69
9	WATERWORTH PTE LTD	12,000,000	1.63
10	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	9,788,000	1.33
11	RAFFLES NOMINEES (PTE) LIMITED	9,571,500	1.30
12	XIE YU	6,895,200	0.93
13	KGI FRASER SECURITIES PTE LTD	6,443,900	0.87
14	CITIBANK NOMINEES SINGAPORE PTE LTD	5,797,200	0.79
15	CIMB SECURITIES (SINGAPORE) PTE. LTD.	2,300,000	0.31
16	HONG LEONG FINANCE NOMINEES PTE LTD	2,110,000	0.29
17	HSBC (SINGAPORE) NOMINEES PTE LTD	2,049,200	0.28
18	ZHUO JINGMING	1,579,600	0.21
19	TEO CHIANG CHAI	1,400,000	0.19
20	SHU LIFEN	1,297,000	0.18
	TOTAL	**697,896,709**	**94.62**

STATISTICS OF SHAREHOLDINGS

As at 9 March 2016

SHARE CAPITAL

Authorised share capital	:	US$8,000,000
Issued and fully paid-up	:	US$7,376,571.42
Class of Shares	:	Ordinary shares of US$0.01 each
Number of Treasury Shares held	:	Nil
Voting rights	:	One vote per share

Shareholdings Held in Hands of Public

Based on information available to the Company as at 9 March 2016, 37.4% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual is complied with.

SUBSTANTIAL SHAREHOLDERS as at 9 March 2016

Name of Substantial Shareholder	Direct Interest	%	Deemed Interest	%
1. Guo Hong Xin(1)	–	–	147,716,554	20.02
2. Ma Ming(2)	–	–	128,541,737	17.42
3. Allgreat Pacific Limited(3)	76,287,983	10.34	71,428,571	9.68
4. Claremont Consultancy Limited(4)	57,113,166	7.74	71,428,571	9.68
5. Sunpower Business Group Pte. Ltd.	71,428,571	9.68	–	–
6. Tournan Trading Pte. Ltd.	71,428,571	9.68	–	–
7. Lin Yucheng	100,000,000	13.56	–	–
8. Joyfield Group Limited	66,154,120	8.97	–	–
9. Pan Shuhong(5)	19,393,198	2.63	66,154,120	8.97

Notes:

(1) Mr Guo Hong Xin is (i) deemed to be interested in the 76,287,983 shares held by Allgreat Pacific Limited which is an investment holding company wholly owned by him, and (ii) deemed to be interested in the 71,428,571 shares held by Sunpower Business Group Pte. Ltd., which is an investment holding company wholly owned by Allgreat Pacific Limited, which is in turn wholly owned by him.

(2) Mr Ma Ming is (i) deemed to be interested in the 57,113,166 shares held by Claremont Consultancy Limited which is an investment holding company wholly owned by him, and (ii) deemed to be interested in the 71,428,571 shares held by Tournan Trading Pte. Ltd., which is an investment holding company wholly owned by Claremont Consultancy Limited, which is in turn wholly owned by him.

(3) Sunpower Business Group Pte. Ltd., is wholly owned subsidiary of Allgreat Pacific Limited. Accordingly, Allgreat Pacific Limited is deemed to be interested in the 71,428,571 shares held by Sunpower Business Group Pte. Ltd.

(4) Tournan Trading Pte. Ltd., is wholly owned subsidiary of Claremont Consultancy Limited. Accordingly, Claremont Consultancy Limited is deemed to be interested in the 71,428,571 shares held by Tournan Trading Pte. Ltd.

(5) Ms Pan Shuhong is deemed to be interested in the 66,154,120 shares held by Joyfield Group Limited which is wholly owned by her.

NOTICE IS HEREBY GIVEN that the 2016 Annual General Meeting of the Company will be held at Level 6, Vanda 6, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594 on Wednesday, 27 April 2016 at 9.30 a.m., for the purpose of transacting the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the financial year ended 31 December 2015 together with the Directors' Statement and the Auditors' Report thereon. **Resolution 1**

2. To declare a final dividend of S$0.0012 per share (tax not applicable) in respect of the financial year ended 31 December 2015. **Resolution 2**

3. To approve Directors' fees of S$218,000 for the financial year ended 31 December 2015. (2014: S$177,000) **Resolution 3**

4. To re-elect the following Directors retiring pursuant to Bye-Law 104 of the Bye-Laws of the Company:-

   (i) Lau Ping Sum Pearce *(See Explanatory Note)* **Resolution 4(i)**
   (ii) Guo Hong Xin **Resolution 4(ii)**

5. To re-appoint Messrs Deloitte & Touche LLP as Auditors and to authorise the Directors to fix their remuneration. **Resolution 5**

SPECIAL BUSINESS

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

6. That pursuant to Bye-Law 12(B) of the Bye-Laws of the Company and listing rules of Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors be and are hereby authorised to: **Resolution 6**

   (a) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

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

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

   PROVIDED THAT:

   (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent. (50%) of the total number of issued shares (excluding treasury shares (if any)) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to existing shareholders of the Company (including shares to be issued in pursuant of Instruments made or granted pursuant to this Resolution) shall not exceed twenty per cent. (20%) of the total number of issued shares (excluding treasury shares (if any)) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under paragraphs (1) above, the percentage of issued shares shall be based on the total number of issued shares in the capital of the Company excluding treasury shares if any at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue or consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Bye-Laws for the time being of the Company; and

(4) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by the Bye-Laws to be held, whichever is the earlier.

(See Explanatory Note)

7. That approval be and is hereby given to the Board of Directors of the Company to allot and issue from time to time such number of shares as may be required to be issued pursuant to the exercise of the options under the Sunpower Employee Share Option Scheme 2015 ("ESOS"), **Resolution 7**

PROVIDED THAT the aggregate nominal amount of shares over which the Remuneration Committee may grant options on any date, when added to the nominal amount of shares issued and issuable in respect of all options granted under the ESOS shall not exceed 15 percent of the issued share capital of the Company on the day immediately preceding the date of the relevant grant.
(See Explanatory Note)

OTHER BUSINESS

8. To transact any other business that may be properly transacted at the Annual General Meeting of the Company.

BY ORDER OF THE BOARD

HO WUI MEE MARIAN
Company Secretary

4 April 2016

Explanatory Notes:

Resolution 4(i)

Mr Lau Ping Sum Pearce, Chairman of Remuneration Committee, a member of Nominating Committee and a member of Audit Committee, will continue to serve in these capacities if re-elected as a Director of the Company. Mr Lau is an Independent Director.

Resolution 6

Ordinary Resolution no. 6, if passed, will empower the Directors of the Company to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding in total fifty per cent (50%) of the total number of issued shares (excluding treasury shares (if any)) in the capital of the Company, with a sub-limit of twenty per cent (20%) for issued other than on a *pro rata* basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares (excluding treasury shares (if any)) shall be based on the total number of issued shares (excluding treasury shares (if any)) in the capital of the Company at the time this resolution is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this resolutions passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

Resolution 7

The Ordinary Resolution no. 7, if passed, will empower the Board of Directors of the Company to allot and issue shares in the issued capital of the Company pursuant to the exercise of the options under the Sunpower Employee Share Option Scheme 2015 provided that the aggregate nominal amount of shares over which the options are granted does not exceed 15 percent of the issued share capital of the Company from time to time.

Notes:

(1) With the exception of The Central Depository (Pte) Limited ("CDP") (which may appoint more than two (2) proxies), a member of the Company who is entitled to attend and vote at the Annual General Meeting and who is the holder of two (2) or more shares is entitled to appoint no more than two (2) proxies to attend the Annual General Meeting and vote in his stead. A proxy need not be a member of the Company.

(2) All Depositor Proxy Forms must be lodged at the office of the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for holding the Annual General Meeting in order for the proxy to be entitled to attend and vote at the Annual General Meeting.

Personal Data Privacy

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

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CORPORATE **INFORMATION**

BOARD OF DIRECTORS
Guo Hong Xin (Executive Chairman)
Ma Ming (Executive Director)
Jiang Ning (Lead Independent Director)
Lau Ping Sum Pearce (Independent Director)
Chin Sek Peng (Independent Director)

AUDIT COMMITTEE
Chin Sek Peng (Chairman)
Jiang Ning
Lau Ping Sum Pearce

NOMINATING COMMITTEE
Jiang Ning (Chairman)
Lau Ping Sum Pearce
Guo Hong Xin

REMUNERATION COMMITTEE
Lau Ping Sum Pearce (Chairman)
Jiang Ning
Chin Sek Peng

COMPANY SECRETARY
Ho Wui Mee Marian

DEPUTY SECRETARY
Chew Bee Leng

BERMUDA RESIDENT REPRESENTATIVE AND ASSISTANT SECRETARY
Appleby Services (Bermuda) Ltd.
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

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#32-01 Singapore Land Tower
Singapore 048623

BERMUDA SHARE REGISTRAR AND TRANSFER AGENT
Appleby Management (Bermuda) Ltd.
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

AUDITORS
Deloitte & Touche LLP
Public Accountants and Chartered Accountants
6 Shenton Way
#33-00 OUE Downtown 2
Singapore 068809
Audit Partner: Wong-Yeo Siew Eng
Since financial year ended 31 December 2012

PRINCIPAL BANKERS
Bank of Communication
Jiangning Branch
No. 1 Zhongxin Road North
Jiangning Development Zone
Nanjing, Jiangsu, P. R. China

Nanjing City Commercial Bank
Guanghua Branch
No. 11 Daguang Road
Nanjing, Jiangsu, P. R. China

Sunpower Group Ltd.
No. 2111 Chengxin Road
Nanjing Jiangning Science Park
Nanjing, 211112
People's Republic of China

Registered Address:
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda