

SUNVIC CHEMICAL HOLDINGS LIMITED
(Registration Number: 200406502E)

Full Year Financial Statement and Dividend Announcement for the Year Ended 31 December 2016

INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

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

Statement of Comprehensive income

	Q4 2016 RMB'000	Q4 2015 RMB'000	+/(-) %	FY2016 RMB'000	FY2015 RMB'000	+/(-) %
Revenue	720,956	409,659	76.0	2,133,553	2,167,234	(1.6)
Cost of sales	(654,365)	(528,157)	23.9	(2,063,433)	(2,382,279)	(13.4)
Gross profit/(loss)	66,591	(118,498)	156.2	70,120	(215,045)	132.6
Other operating income	27,803	47,732	(41.8)	168,202	717,617	(76.6)
Distribution expenses	(3,414)	(15,340)	(77.7)	(36,205)	(75,207)	(51.9)
Administrative expenses	(56,103)	(101,630)	(44.8)	(172,967)	(265,426)	(34.8)
Other operating expenses	(37,155)	(463,396)	(92.0)	(67,176)	(818,667)	(91.8)
Results from operating activities	(2,278)	(651,132)	(99.7)	(38,026)	(656,728)	(94.2)
Finance expenses	(17,065)	(21,638)	(21.1)	(78,682)	(107,746)	(27.0)
Loss before income tax	(19,343)	(672,770)	(97.1)	(116,708)	(764,474)	(84.7)
Income tax (expense)/credit	(66,616)	24,575	(371.1)	(69,570)	(29,140)	138.7
Loss for the period/year	(85,959)	(648,195)	(86.7)	(186,278)	(793,614)	(76.5)
Other comprehensive income						
Translation differences relating to financial statements of subsidiaries with functional currencies other than RMB	59	699	(91.6)	349	1,819	(80.8)
Total comprehensive loss for the period/year	(85,900)	(647,496)	(86.7)	(185,929)	(791,795)	(76.5)
Attributable to:						
Owners of the Company	(79,704)	(638,293)	(87.5)	(179,199)	(777,676)	(76.9)
Non-controlling interest	(6,196)	(9,203)	(32.7)	(6,730)	(14,119)	(52.3)
Total comprehensive loss for the period/year	(85,900)	(647,496)	(86.7)	(185,929)	(791,795)	(76.5)

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

	Q4 2016	Q4 2015	+/(-) %	FY2016	FY2015	+/(-) %
	RMB'000	RMB'000		RMB'000	RMB'000	
Interest income	(264)	(14,015)	(98.1)	(2,662)	(57,172)	(95.3)
Exchange loss, net	6,844	10,935	(37.4)	13,589	46,288	(70.6)
Gain on disposal of non-current assets held for sale	-	-	-	-	(121,442)	(100.0)
Depreciation of property, plant and equipment	20,398	73,503	(72.2)	141,538	269,892	(47.6)
Amortisation of land use rights	329	622	(47.1)	1,390	1,671	(16.8)
Amortisation of intangible assets	241	-	100.0	752	1,030	(27.0)
Interest paid and payable to banks	17,065	21,638	(21.1)	78,682	107,746	(27.0)
Allowance for written-down of downpayments for technology	-	49,000	(100.0)	-	49,000	(100.0)
Allowance for written-down of inventories	2,588	11,495	(77.5)	2,588	11,495	(77.5)
Reversal of write-down of inventories	-	-	-	(13,697)	(35,575)	(61.5)
Gain on disposal of property, plant and equipment	(668)	-	100.0	(668)	-	100.0
Tax incentive on sale of property, plant and equipment	-	-	-	-	(109,000)	(100.0)
Impairment loss on property, plant and equipment	-	384,000	(100.0)	-	384,000	(100.0)

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

	Group		Company	
	As at 31 December 2016 RMB'000	As at 31 December 2015 RMB'000	As at 31 December 2016 RMB'000	As at 31 December 2015 RMB'000
Non-current assets				
Property, plant and equipment	1,385,086	1,483,808	-	-
Intangible assets	10,689	10,346	-	-
Lease prepayments	47,998	50,148	-	-
Subsidiaries	-	-	342,623	342,623
Deposits paid for property, plant and equipment and land use rights	-	5,522	-	-
Deferred tax asset	24,430	24,430	-	-
Other non-current assets	86,380	-	-	-
	<u>1,554,583</u>	<u>1,574,254</u>	<u>342,623</u>	<u>342,623</u>
Current assets				
Inventories	81,893	133,286	-	-
Non-current assets held for sale	12,532	11,731	-	-
Trade and other receivables	990,299	1,664,757	45,283	38,652
Pledged deposits	65,709	183,933	-	-
Cash and bank balances	196,507	173,553	1,036	1,314
	<u>1,346,940</u>	<u>2,167,260</u>	<u>46,319</u>	<u>39,966</u>
Total assets	<u><u>2,901,523</u></u>	<u><u>3,741,514</u></u>	<u><u>388,942</u></u>	<u><u>382,589</u></u>
Equity				
Share capital	291,516	291,516	291,516	291,516
Reserves	874,600	1,053,798	65,151	66,573
Total equity attributable to equity holders of the Company	<u>1,166,116</u>	<u>1,345,314</u>	<u>356,667</u>	<u>358,089</u>
Non-controlling interest	<u>(60,532)</u>	<u>(53,801)</u>	<u>-</u>	<u>-</u>
Total equity	<u><u>1,105,584</u></u>	<u><u>1,291,513</u></u>	<u><u>356,667</u></u>	<u><u>358,089</u></u>
Non-current liabilities				
Interest bearing liabilities	180,000	140,000	-	-
Deferred tax liabilities	7,500	7,500	-	-
Total non-current liabilities	<u>187,500</u>	<u>147,500</u>	<u>-</u>	<u>-</u>
Current liabilities				
Trade and other payables	645,956	1,024,500	32,275	24,500
Interest-bearing liabilities	957,300	1,271,968	-	-
Current tax payable	5,183	6,033	-	-
Total current liabilities	<u>1,608,439</u>	<u>2,302,501</u>	<u>32,275</u>	<u>24,500</u>
Total equity and liabilities	<u><u>2,901,523</u></u>	<u><u>3,741,514</u></u>	<u><u>388,942</u></u>	<u><u>382,589</u></u>

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

Amount repayable in one year or less, or on demand

As at 31 December 2016		As at 31 December 2015	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
557,233	400,067	651,968	620,000

Amount repayable after one year

As at 31 December 2016		As at 31 December 2015	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
180,000	-	140,000	-

Details of any collateral

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

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

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

	Q4 2016	Q4 2015	FY2016	FY2015
	RMB'000	RMB'000	RMB'000	RMB'000
Operating activities				
Loss before income tax	(19,343)	(672,770)	(116,708)	(764,474)
Adjustments for:				
Interest expense	17,065	21,638	78,682	107,746
Interest income	(264)	(14,015)	(2,662)	(57,172)
Amortisation of intangible assets	241	-	752	1,030
Amortisation of lease prepayments	329	622	1,390	1,671
Depreciation of property, plant and equipment	20,398	73,503	141,538	269,892
Gain on disposal of non-current assets held for sale	-	-	-	(121,509)
Gain on disposal of property, plant and equipment	(668)	-	(668)	-
Allowance for written-down of inventories	2,588	11,495	2,588	11,495
Reversal of write-down of inventories	-	-	(13,697)	(35,575)
Allowance for written-down of downpayments for technology	-	49,000	-	49,000
Impairment loss on property, plant and equipment	-	384,000	-	384,000
Unrealised currency translation difference	59	-	349	(1,819)
Operating profit/(loss) before working capital changes	20,405	(146,527)	91,564	(155,715)
Changes in working capital:				
Inventories	19,129	135,265	62,502	86,125
Trade and other receivables	(25,739)	251,621	524,885	722,921
Trade and other payables	(18,884)	(38,036)	(358,713)	(630,200)
Cash (used in)/generated from operations	(5,089)	202,323	320,238	23,131
Income taxes refunded/(paid)	849	7,259	(7,227)	(42,821)
Net cash flows (used in)/generated from operating activities	(4,240)	209,582	313,011	(19,690)
Investing activities				
Interest received	264	14,015	2,662	57,172
Purchase of property, plant and equipment	42,218	(20,605)	(57,593)	(530,890)
Payment of lease prepayments	-	-	-	(19)
Purchase of intangible assets	-	-	-	(3)
Proceeds from disposal of non-current assets held for sale	-	51,249	-	51,249
Proceeds from disposal of property, plant and equipment	-	-	-	175,905
Net cash flows generated from/(used in) investing activities	42,482	44,659	(54,931)	(246,586)
Financing activities				
Purchase of treasury shares	-	-	-	(1,575)
Proceeds from bank loans	394,972	306,888	2,112,157	2,753,783
Repayments of bank loans	(446,076)	(586,623)	(2,386,825)	(2,850,050)
Interest paid	(17,065)	(21,638)	(78,682)	(107,746)
Deposits pledged	9,889	41,721	118,224	149,749
Net cash flows used in financing activities	(58,280)	(259,652)	(235,126)	(55,839)
Net (decrease)/increase in cash and cash equivalents	(20,038)	(5,411)	22,954	(322,115)
Cash and cash equivalents at beginning of the period/year	216,545	178,265	173,553	486,881
Effect of exchange rate changes	-	699	-	8,787
Cash and cash equivalents at end of the period/year	196,507	173,553	196,507	173,553

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

Statement of Changes in Equity – The Group

	Share capital	Treasury shares	Merger reserve	Other reserves	Foreign currency translation reserve	Accumulated profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2016	291,516	(1,575)	(499)	305,600	(15,979)	766,252	1,345,314	(53,801)	1,291,513
Total comprehensive income for the period	-	-	-	-	349	(179,548)	(179,199)	(6,730)	(185,929)
At 31 December 2016	<u>291,516</u>	<u>(1,575)</u>	<u>(499)</u>	<u>305,600</u>	<u>(15,630)</u>	<u>586,704</u>	<u>1,166,116</u>	<u>(60,532)</u>	<u>1,105,584</u>
At 1 January 2015	291,516	-	(499)	346,941	(17,798)	1,504,405	2,124,565	(39,682)	2,084,883
Total comprehensive income for the period	-	-	-	-	1,819	(779,495)	(777,676)	(14,119)	(791,795)
Purchase of treasury shares	-	(1,575)	-	-	-	-	(1,575)	-	(1,575)
At 31 December 2015	<u>291,516</u>	<u>(1,575)</u>	<u>(499)</u>	<u>346,941</u>	<u>(15,979)</u>	<u>724,910</u>	<u>1,345,314</u>	<u>(53,801)</u>	<u>1,291,513</u>

Statement of Changes in Equity – The Company

	Share capital	Treasury shares	Accumulated Profits	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2016	291,516	(1,575)	68,148	358,089
Total comprehensive income for the year	-	-	(1,422)	(1,422)
At 31 December 2016	<u>291,516</u>	<u>(1,575)</u>	<u>66,726</u>	<u>356,667</u>
At 1 January 2015	291,516	-	45,989	337,505
Total comprehensive income for the year	-	-	22,159	22,159
Purchase of treasury shares	-	(1,575)	-	(1,575)
At 31 December 2015	<u>291,516</u>	<u>(1,575)</u>	<u>68,148</u>	<u>358,089</u>

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

The Company did not buy back any shares for the financial year ended 31 December 2016. Total number of ordinary shares bought back as at 31 December 2016 amounted to 1,650,000. These shares are held as treasury shares.

	As at 31 December 2016 ('000)	As at 31 December 2015 ('000)
Number of issued shares	533,651	533,651
Number of treasury shares	(1,650)	(1,650)
Number of issued shares excluding treasury shares	532,001	532,001

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

	Company	
	As at 31 December 2016	As at 31 December 2015
Number of shares excluding treasury shares at the end of the year ('000)	532,001	532,001

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

There are no sales, transfers, disposal, and/or use of treasury shares as at end of 31 December 2016.

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period and the previous financial year.

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

Please refer to Point 4 above.

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

	Q4 2016	Q4 2015	FY2016	FY2015
Earnings per share (RMB cents):-				
Basic and diluted	<u>(14.9)</u>	<u>(120.0)</u>	<u>(33.6)</u>	<u>(145.5)</u>

	Q4 2016	Q4 2015	FY2016	FY2015
	RMB'000	RMB'000	RMB'000	RMB'000
Basic earnings per share is based on:				
Net loss attributable to ordinary shareholders	<u>(79,645)</u>	<u>(637,594)</u>	<u>(178,850)</u>	<u>(775,857)</u>

	Number of shares			
	Q4 2016	Q4 2015	FY2016	FY2015
	('000)	('000)	('000)	('000)
Weighted average number of ordinary shares outstanding at beginning of the period	533,052	532,918	533,052	533,651
Effect of treasury shares held	-	(1,650)		(599)
Weighted average number of ordinary shares outstanding during the period	<u>533,052</u>	<u>531,268</u>	<u>533,052</u>	<u>533,052</u>

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

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

	Group		Company	
	As at 31 December 2016	As at 31 December 2015	As at 31 December 2016	As at 31 December 2015
Net assets attributable to the shareholders (RMB'000)	1,166,116	1,345,314	356,667	358,089
Net asset value per ordinary share (RMB cents)	219.2	252.9	67.0	67.3
Number of shares at the end of the period ('000)	532,001	532,001	532,001	532,001

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) Any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

Revenue

Revenue in FY2016 decreased by RMB33.7 million to RMB2,133.6 million compared to RMB2,167.2 million in FY2015. This was mainly due to decrease in revenue from sale of acrylic acid ("AA") and acrylate esters ("AE") as well as PMIDA and glyphosate by RMB32.2 million and RMB77.7 million respectively, which were partially offset by an increase in revenue from sale of other chemical products by RMB76.2 million.

The decrease in revenue from AA and AE was mainly attributable to lower average selling prices when compared to FY2015.

Sale volume of AA and AE increased from 180,100 tonnes in FY2015 to 255,100 tonnes in FY2016, whilst average selling prices per tonne decreased from RMB6,700 in FY2015 to RMB6,000 in FY2016. The low average selling prices was due to over-supply situation of AA in the PRC.

Sale volume of PMIDA & glyphosate as well as their average selling prices also decreased in FY2016 when compared to the same period last year.

Gross profit

The Group incurred a gross profit of RMB70.1 million in FY2016 compared to a gross loss of RMB215.0 million in FY2015. Sale of AA and AE as well as other chemical products contributed gross profit of RMB60.2 million and RMB17.4 million respectively in FY2016, whilst sale of PMIDA and glyphosate contributed a gross loss of RMB7.5 million in FY2016.

Overall gross profit margin improved from a negative of 9.9% in FY2015 to a positive of 3.3% in FY2016. This was mainly due to higher average selling prices for AA and AE in Q4 2016 whilst the average price of main raw material, propylene, remained stable during the same period. Gross profit margin for sale of AA and AE stood at a positive of 3.5% in FY2016 compared to a negative of 13.5% in FY2015.

Other operating income

Other operating income included the following items:-

	FY2016 RMB'000	FY2015 RMB'000	
Gain on agreement of new terms on the joint venture with Arkema	100,000	-	(a)
Interest income	2,662	57,172	(b)
Sale of propylene and crude residuals	6,154	378,296	(c)
Sale of steam and provision of waste water treatment services	36,017	45,722	
Tax incentive	-	109,000	
Gain on disposal of Line 3 AA plant	-	121,509	
Others	23,369	5,918	
	<u>168,202</u>	<u>717,617</u>	

- (a) In Q2 2016, the Group recognised a gain of RMB100.0 million after agreement with Arkema on the new shareholding structure and other terms on the joint venture with Arkema.
- (b) Included in interest income in FY2015 was an amount of RMB46.0 million from Arkema for extension of the First Call Option pursuant to the Joint Venture Agreement with Arkema.
- (c) Sale of propylene and other crude residuals to the joint venture entity decreased mainly as the joint venture entity had taken over the procurement of its own raw materials. This amount was stated after elimination according to joint operations accounting treatment;

Distribution expenses

Distribution expenses decreased by RMB39.0 million to RMB36.2 million in FY2016 compared to RMB75.2 million in FY2015. Distribution expenses consisted of transportation charges and packaging costs as well as other sales related expenses. These expenses decreased mainly due to our efforts to concentrate on sale to customers located nearer to our production plants which resulted in lesser transportation costs being incurred.

Administrative expenses

Administrative expenses decreased by RMB92.5 million to RMB173.0 million in FY2016 compared to RMB265.4 million in FY2015. This was mainly due to (i) incurrence of foreign exchange loss of RMB13.6 million (FY2015: RMB46.3 million) as a result of depreciation of RMB against USD; and (ii) the efforts from Management to cut costs.

Other operating expenses

Other operating expenses included the following items:-

	FY2016 RMB'000	FY2015 RMB'000	
Impairment loss on property, plant and equipment	-	384,000	(a)
Impairment loss of prepayments	-	49,000	(a)
Costs of propylene and crude residuals	7,351	322,897	
Costs of relating to sale of steam and provision of waste water treatment services	30,789	40,613	
Others	29,036	22,157	
	<u>67,176</u>	<u>818,667</u>	

(a) In FY2015, the Group made an impairment loss on property, plant and equipment as well as prepayments for technology, no such impairment was made in FY2016.

Finance expenses

Finance expenses decreased by RMB29.1 million to RMB78.7 million in FY2016 compared to RMB107.7 million in FY2015. This was mainly due to lower interest bearing liabilities as well as lower interest rate in FY2016 compared to FY2015.

Income tax expense

Income tax expense amounted to RMB69.6 million was incurred notwithstanding the operating loss position in FY2016. This was mainly due to recognition of income tax due to adjustments made on the taxes receivable and deferred tax assets which were brought forward from prior years.

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

Balance sheet

Property, plant and equipment decreased by RMB98.7 million to RMB1,385.1 million as at 31 December 2016 compared to RMB1,483.8 million as at 31 December 2015. This was mainly due to depreciation charge on property, plant and equipment in FY2016. This was partially offset by additional of property, plant and equipment in the same period.

Other non-currents assets stood at RMB86.4 million as at 31 December 2016 compared to Nil as at 31 December 2015. This was due to a reclassification made for the value added tax recoverable from "current" assets to "non-current" assets as this amount will not be recovered within the next 12 months.

Inventories decreased by RMB51.4 million to RMB81.9 million as at 31 December 2016 compared to RMB133.3 million as at 31 December 2015. This was mainly due to decrease in quantities and unit cost of raw materials and finished goods.

Breakdown of trade and other receivables is as follows:-

	As at 31 December 2016 RMB'000	As at 31 December 2015 RMB'000
Trade receivables:		
- 3 rd parties	200,531	194,791
- Related parties	349,317	347,128
Receivable from the joint venture entity	239,390	588,833
Notes receivables	65,423	163,159
Value added tax recoverable	79,891	161,265
Other taxes receivable	-	110,896
Prepayments and deposits	21,084	20,887
Deferred tax assets	-	15,871
Other receivables	34,663	61,927
	990,299	1,664,757

Trade and other receivables decreased by RMB674.5 million to RMB990.3 million as at 31 December 2016 compared to RMB1,664.8 million as at 31 December 2015. This was mainly due to (i) decrease in trade receivables from the joint venture entity and notes receivable amounted to RMB349.4 and RMB97.7 million respectively; (ii) a reclassification of value added tax recoverable amounted to RMB86.4 million from "current" assets to "non-current" assets as this amount will not be recovered in the next 12 months; and (iii) recognition and adjustments made on deferred tax assets and other taxes receivable brought forward from prior years to income tax expense.

Breakdown of trade and other payables is as follows:-

	As at 31 December 2016 RMB'000	As at 31 December 2015 RMB'000
Trade payables:		
- 3rd parties	386,070	625,642
- Related parties	14,072	20,044
Payable to the joint venture entity	130,406	143,847
Notes payables	-	134,837
Accrued operating expenses	42,537	49,244
Other payables	72,871	50,886
	645,956	1,024,500

Trade and other payables decreased by RMB378.5 million to RMB646.0 million as at 31 December 2016 compared to RMB1,024.5 million as at 31 December 2015. This was mainly due to lower trade and notes payables for purchase of propylene for our own production needs as well as sale to the joint venture entity.

Total non-current and current interest-bearing liabilities decreased by RMB274.7 million to RMB1,137.3 million as at 31 December 2015 compared to RMB1,412.0 million as at 31 December 2015. This was due to repayments made in FY2016.

Cash Flow Statement

Our Group generated positive operating cash flow of RMB313.0 million in FY2016 mainly due to depreciation charge, interest expense as well as decrease in trade and other receivables and inventories. These were partially offset by interest income, reversal of write-down of inventories as well as an increase in trade and other payables.

Financing activities resulted in negative cash flow of RMB235.1 million in FY2016 mainly due to repayments of bank loans as well as interest paid. These were partially offset by proceeds from bank loans and a decrease in pledged deposits.

There was a net cash outflow of RMB54.9 million in FY2016 from the Group's investing activities mainly due to purchase of property, plant and equipment in FY2016. This was partially offset by interest received.

As a result of the above, cash and cash equivalents increased from RMB173.6 million as at 31 December 2015 to RMB196.5 million as at 31 December 2016.

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

-

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

We anticipate conditions will remain challenging in the near future due to the current situation of oversupply and excess production capacity of AA in the PRC.

11. **Dividend**

(a) Current Financial Period Reported On

No dividend has been declared or recommended.

(b) Corresponding Period of the Immediately Preceding Financial Year

No dividend has been declared or recommended in FY2015.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. The Group's CEO reviews internal management reports for each of the strategic business units on at least quarterly basis. The four reportable segments are:

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

Information regarding the results of each reportable segments is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

	AA and AE		PMIDA and glyphosate		MTBE and petroleum related products		Others		Total	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
External revenues	1,697,217	1,729,408	11,684	89,369	-	-	424,652	348,457	2,133,553	2,167,234
Interest income	-	-	-	-	-	-	2,662	57,172	2,662	57,172
Interest expense	(62,591)	(85,979)	(431)	(4,443)	-	-	(15,660)	(17,324)	(78,682)	(107,746)
Depreciation and amortisation	(82,285)	(192,305)	(9,585)	(9,599)	(50,963)	(69,454)	(847)	(1,235)	(143,680)	(272,593)
Impairment loss on property, plant and equipment	-	(290,000)	-	-	-	(94,000)	-	-	-	(384,000)
Reportable segment (loss)/profit before income tax	(71,051)	(556,288)	(9,367)	(56,697)	(50,963)	(163,454)	22,662	19,285	(108,719)	(757,154)
Reportable segment assets	2,250,188	3,226,529	18,800	45,474	451,790	406,378	180,745	63,133	2,901,523	3,741,514
Capital expenditures	312,737	641,759	-	-	582	13,544	-	80	313,319	655,383
Reportable segment liabilities	1,719,165	2,381,446	-	-	24,863	25,893	51,911	42,662	1,795,939	2,450,001

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

	2016 RMB'000	2015 RMB'000
Revenues		
Total revenue for reportable segments	1,708,901	1,818,777
Other revenue	424,652	348,457
Consolidated revenue	<u>2,133,553</u>	<u>2,167,234</u>
Profit or loss		
Total loss for reportable segments	(131,381)	(776,439)
Other profit	22,662	19,285
	<u>(108,719)</u>	<u>(757,154)</u>
Unallocated amounts:		
- Other corporate expenses	(7,989)	(7,320)
Consolidated loss before income tax	<u>(116,708)</u>	<u>(764,474)</u>
Assets		
Total assets for reportable segments	2,720,778	3,678,381
Other assets	180,745	63,133
Consolidated assets	<u>2,901,523</u>	<u>3,741,514</u>
Liabilities		
Total liabilities for reportable liabilities	1,744,028	2,407,339
Other liabilities	51,911	42,662
Consolidated liabilities	<u>1,795,939</u>	<u>2,450,001</u>

Segmental information is presented in respect of the Group's geographical segments. In presenting information on the basis of geographical segments, segment revenue and trade receivables are based on the geographical location of customers. Segment capital expenditure and other assets are based on the geographical location of the assets.

	Asia RMB'000	Europe RMB'000	South America RMB'000	North America RMB'000	Others RMB'000	Consolidated RMB'000
2016						
Revenue from external customers	2,112,045	821	1,061	19,368	258	2,133,553
Segment assets	2,889,274	73	-	12,176	-	2,901,523
Capital expenditure	313,319	-	-	-	-	313,319
2015						
Revenue from external customers	2,115,249	2,677	21,484	26,068	1,756	2,167,234
Segment assets	3,728,560	64	560	12,330	-	3,741,514
Capital expenditure	655,383	-	-	-	-	655,383

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

Please refer to Point 8 above.

15. A breakdown of sales	2016 RMB'000	2015 RMB'000	+/(-) %
Sales reported for the first half year	937,876	1,267,650	(26.0%)
Operating loss after taxation but before minority interests reported for the first half year	(30,641)	(82,138)	(62.7%)
Sales reported for the second half year	1,195,677	899,584	32.9%
Operating loss after taxation but before minority interests reported for the second half year	(155,637)	(711,476)	(78.1%)

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

No dividend has been declared or recommended in FY2016 and FY2015.

17. Interested Person Transactions

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

Name of Interested Person	Aggregate value of all interested person transactions during financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) ⁽¹⁾	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Yixing Danson Technology Co., Ltd (" Yixing Danson ")	Corporate guarantees in favour of Yixing Danson - RMB590,000,000 Sale of crude AA to Yixing Danson - RMB475,505,000 Purchase of residual crude AA and finished goods from Yixing Danson - RMB153,478,000	-
Taixing Jinyan Chemical Technology Co., Ltd (" Taixing Jinyan ")	Corporate guarantees in favour of Taixing Jinyan - RMB475,000,000 Supply of chemical raw materials to Taixing Jinyan - RMB226,769,000	-
Taixing Yumeng Wuzi Co., Ltd. (" Taixing Yumeng ")	Sale of AA to Taixing Yumeng - RMB51,857,000 Purchase of inventories from Taixing Yumeng - RMB28,739,000	-
Jiaxing Jinyan Chemical Co., Ltd (" Jiaxing Jinyan ")	Corporate guarantees in favour of Jiaxing Jinyan - RMB65,000,000	-
Taixing Jinyan Cangchu Co., Ltd. (" Taixing Cangchu ")	Corporate guarantees in favour of Taixing Cangchu - RMB260,000,000	-

Name of Interested Person	Aggregate value of all interested person transactions during financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) ⁽¹⁾	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Jiangsu Yinyan Specialty Chemical Co., Ltd ("Jiangsu Yinyan")	-	Sales of chemical products to Jiangsu Yinyan - RMB41,329,000
Jiangsu Jurong Petrochemicals Co., Ltd ("Jiangsu Jurong")	-	Sales of chemical products to Jiangsu Jurong - RMB7,185,000

Note:

- (1) The Company is in the process of preparing a circular to seek shareholders' ratification for past interested person transactions, and a shareholders' mandate for any on-going interested person transactions.
- (2) As at 31 December 2016, the aggregate amount of the corporate guarantees that the Group provided to Yixing Danson, Taixing Jinyan, Jiaying Jinyan and Taixing Cangchu was approximately RMB1,390,000,000, whilst the aggregate amount of corporate guarantees that these same entities provided to the Group was approximately RMB1,420,000,000.

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

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

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

BY ORDER OF THE BOARD

Sun Xiao
Executive Director and Chief Executive Officer
1 March 2016