

SUNMART HOLDINGS LIMITED
(Registration Number: 200600432W)

Financial Statement and Dividend Announcement for the Full Year Ended 31 December 2015

INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

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

Consolidated Statement of Comprehensive income	2015 RMB'000	2014 RMB'000	+ / (-) %
Revenue	316,354	311,963	1.4
Cost of sales	(260,058)	(253,349)	2.6
Gross profit	56,296	58,614	(4.0)
Other operating income	7,870	15,215	(48.3)
Other gains/(losses) - net	5,607	(2,687)	308.7
Distribution and marketing expenses	(25,706)	(21,432)	19.9
Administrative expenses	(6,375)	(26,149)	(75.6)
Finance expenses	(22,517)	(22,307)	1.0
Share of result of an associated company	(1,279)	732	(274.7)
Profit before tax	13,896	1,986	599.7
Income tax expense	-	-	-
Profit after tax	13,896	1,986	599.7
Other comprehensive income	-	-	-
Total comprehensive income attributable to equity holders of the Company	13,896	1,986	599.7

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

	2015 RMB'000	2014 RMB'000	+ / (-) %
Interest income	(1,838)	(7,463)	(75.4)
Depreciation of property, plant and equipment	23,807	24,093	(1.2)
Interest expense	22,517	22,307	1.0
Amortisation of land use rights	596	596	-

1(b)(i) A statement of financial position (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 2015	As at 31 December 2014	As at 31 December 2015	As at 31 December 2014
	RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	342,135	349,383	-	-
Investment property	22,626	23,244	-	-
Land use rights	24,100	24,696	-	-
Investment in subsidiary corporations	-	-	126,209	126,209
Investment in associated company	29,453	30,732	-	-
Available for sale financial assets	-	-	-	-
Trade and other receivables	-	5,160	-	-
	418,314	433,215	126,209	126,209
CURRENT ASSETS				
Inventories	54,997	58,042	-	-
Trade and other receivables	183,519	141,421	9,029	8,772
Cash and cash equivalents	110,549	49,302	10	19
	349,065	248,765	9,039	8,791
CURRENT LIABILITIES				
Trade and other payables	79,701	75,287	6,778	5,566
Borrowings	397,954	329,483	-	-
	477,655	404,770	6,778	5,566
NON CURRENT LIABILITIES				
Borrowings	-	1,382	-	-
NET ASSETS	289,724	275,828	128,470	129,434
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share Capital	155,184	155,184	155,184	155,184
Translation reserve	(193)	(193)	(3,930)	(3,930)
Merger deficit	(587)	(587)	-	-
Statutory reserve fund	32,467	29,521	-	-
Retained profits/(Accumulated loss)	102,853	91,903	(22,784)	(21,820)
TOTAL EQUITY	289,724	275,828	128,470	129,434

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 2015		As at 31 December 2014	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
397,954	-	329,483	-

Amount repayable after one year

As at 31 December 2015		As at 31 December 2014	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	1,382	-

Details of any collateral

Bank borrowings of the Group are secured over leasehold buildings, land use rights, plant and equipment, certain short term deposits and joint and severable guarantee from third parties, a director of the Group, a connected person of a director of the Group and a subsidiary corporation.

Note payables of the Group are secured by certain short term bank deposits of the Group.

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

	Group	
	2015	2014
	RMB'000	RMB'000
Cash flows from operating activities		
Profit before taxation	13,896	1,986
Adjustments for:		
Write down of inventories	1,168	52
Interest income	(1,838)	(7,463)
Interest expense	22,517	22,307
Depreciation of investment property	618	617
Amortisation of land use rights	596	597
Share of result of an associated company	1,279	(732)
Depreciation of property, plant and equipment	23,807	24,093
Dividend income	-	(5,114)
Loss on disposal of property, plant and equipment	31	-
Operating profit before working capital changes	62,074	36,342
Changes in working capital:		
Inventories	1,877	532
Trade and other receivables	(36,938)	13,761
Trade and other payables	4,414	(295)
Net cash from operations	31,427	50,340
Interest paid	(22,517)	(22,307)
Interest received	1,838	7,463
Net cash from operating activities	10,748	35,496
Cash flows from investing activities		
Additions to property, plant and equipment	(18,173)	(19,080)
Purchase of available-for-sale financial assets	-	(10,000)
Dividend received from available-for-sale financial assets	-	5,114
Proceeds received from disposal of property, plant and equipment	1,583	-
Net cash used in investing activities	(16,590)	(23,966)
Cash flows from financing activities		
Proceeds/(Repayment) of bank loans	67,089	(210,575)
(Withdrawal)/Placement of short term bank deposits pledged	(48,400)	205,570
Net cash from/(used in) financing activities	18,689	(5,005)
Net increase in cash and cash equivalents	12,847	6,525
Cash and cash equivalents at beginning of the year	15,372	8,847
Cash and cash equivalents at end of financial year	28,219	15,372

- 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

(Accounts expressed in thousands of Chinese Renminbi (“RMB”) Currency)

These figures have not been audited

GROUP – CURRENT YEAR

	Share Capital	Merger reserve	Statutory Reserve	Currency translation Reserve	Retained Earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31/12/2014	155,184	(587)	29,521	(193)	91,903	275,828
Total comprehensive income for the period	-	-	-	-	13,896	13,896
Transfer to statutory reserve fund	-	-	2,946	-	(2,946)	-
At 31/12/2015	155,184	(587)	32,467	(193)	102,853	289,724

GROUP- PREVIOUS YEAR

	Share Capital	Merger reserve	Statutory Reserve	Currency translation Reserve	Retained Earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31/12/2013	155,184	(587)	28,825	(193)	90,613	273,842
Total comprehensive income for the period	-	-	-	-	1,986	1,986
Transfer to statutory reserve fund	-	-	696	-	(696)	-
At 31/12/2014	155,184	(587)	29,521	(193)	91,903	275,828

COMPANY- CURRENT YEAR

	Share Capital RMB'000	Translation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 31/12/2014	155,184	(3,930)	(21,820)	129,434
Total comprehensive losses for the period	-	-	(964)	(964)
At 31/12/2015	155,184	(3,930)	(22,784)	128,470

COMPANY-PREVIOUS PERIOD

	Share Capital RMB'000	Translation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 31/12/2013	155,184	(3,930)	(20,126)	131,128
Total comprehensive loss for the year	-	-	(1,694)	(1,694)
At 31/12/2014	155,184	(3,930)	(21,820)	129,434

- 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.**

There has been no changes in the Company's share capital since the financial year ended 31 December 2013. The Company did not hold any treasury shares as at 31 December 2015 and 31 December 2014.

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	As at 31
	December 2015	December 2014
Number of shares at the end of the year (‘000)	402,000	402,000

The Company does not hold any Treasury shares.

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.

Not applicable.

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 financial statements for the current reporting period compared with those of the audited financial statements for the financial year (“FY”) ended 31 December 2014 except for the adoption of the new and revised Financial Reporting Standards which became effective for the financial period beginning on or after 1 January 2015. The adoption of these new and revised accounting standards did not give rise to any significant impact on the financial statements for the financial year ended 31 December 2015.

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.

	Full Year 2015	Full Year 2014
Earnings per share – RMB cents		
- on weighted average number of ordinary shares on issued	3.46	0.49
<i>The calculations of earnings per share are based on profit and number of shares shown below:-</i>		
Profit attributable to equity holders (RMB'000)	13,896	1,986
Weighted average number of shares applicable to basic EPS ('000)	402,000	402,000

There is no difference between the basic and diluted earnings per share as the Company has no potential dilutive ordinary shares, as at 31 December 2015 and 31 December 2014.

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 2015	As at 31 December 2014	As at 31 December 2015	As at 31 December 2014
Net assets attributable to the shareholders (RMB'000)	289,724	275,828	128,470	128,781
Net asset value per ordinary share (RMB cents)	72.1	68.6	32.0	32.0
Number of shares at the end of the period (‘000)	402,000	402,000	402,000	402,000

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

Review of Financial Performance

For the year ended 31/12/2015, the Group's revenue increased by RMB 4.4 million to RMB 316.4 million, representing a increase of 1.4% over the corresponding period last year. The increase is due to better marketing efforts which result in higher orders for our products.

The Group's gross profit decreased by RMB 2.3 million to RMB 56.3 million in FY2015 compared to FY2014. This represents a reduction of 4.0% as compared to last year. Gross profit margin decreased to 17.8% compared to 18.8% in FY 2014. This was mainly due to higher labour costs which outpaced productivity gains despite our efforts and investment in automation and equipment.

The Group's year-to-date other income decreased by RMB 7.3 million over the corresponding period mainly due to lower of interest income earned from bank deposits and third parties and there was a dividend received from associated company amounted to RMB 5.1 million.

The Group's year-to-date distribution and marketing increased as compared to the corresponding period last year mainly due to higher commission expenses.

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

Balance Sheet

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

Net current liability as at 31/12/15 amounted to RMB 128.5 million because of funding of long term investments and fixed assets were made using mainly short term borrowings.

Cash Flow

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

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

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

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

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

No forecast had been issued for the period under review.

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.

Although current economic conditions remain challenging, we are able to increase our sales because we price our products competitively.

Despite our increased sales, we struggle to achieve higher profitability due to higher costs that could not be passed to customers.

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

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

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

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 2014.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended.

- 13. If the Group has obtained a general mandate from shareholders for Interested Person Transaction ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

No IPT mandate has been obtained

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

14. **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.**

Segmental information is presented in respect of the Group's geographical segments. In presenting information on the basis of geographical segments, segment revenue are based on our customers' billing addresses.

Segment information by business segments is not presented as the Group's business relates solely to the manufacture and sale of spray pumps and its incidental products.

	Asia Pacific	Europe	North & South America	Africa	Australia	China	Consolidated
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2015							
Revenue from external customers	74,705	30,976	67,583	2,955	8,419	131,717	316,354
2014							
Revenue from external customers	81,306	36,398	57,953	2,437	5,247	128,622	311,963

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

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

Europe is also an important overseas segment. Revenue has decreased from RMB 36.4 million in FY2014 to RMB30.9 million in FY2015. The decrease was due to worsening economic conditions in Europe, resulting in lower consumption by EU residents.

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

The PRC market is also another major contributor to our sales, contributing 41.4% to Group revenue in FY2015. Sales of our products in the PRC market increased compared to the previous year.

16. A breakdown of sales

	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014	% increase / (decrease)
	RMB'000	RMB'000	
(a) Sales reported for first half year	159,862	106,297	50.4
(b) Operating profit/(loss) after tax before deducting minority interests reported for the first half year	3,102	(6,238)	149.7
(c) Sales reported for second half year	156,492	205,666	(23.9)
(d) Operating profit after tax before deducting minority interests reported for second half year	10,794	8,224	31.3
Total sales for the period / year	316,354	311,963	1.4
Total operating profit after tax for the period/year	13,896	1,986	599.7

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

	2015 RMB'000	2014 RMB'000
Ordinary	-	-
Preference	-	-
Total	-	-

- 18 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Cao Jixing	59	Brother-in-law of Sun Bingzhong, Executive Chairman and CEO of the Company	Deputy General Manager of Wuxi Sunmart Plastics Co Ltd from 2002	NA
Chen Wen Tao	34	Son-in-law of Sun Bingzhong, Executive Chairman and CEO of the Company	Deputy General Manager of Wuxi Sunmart Tech Co Ltd from 2015	NA

BY ORDER OF THE BOARD

Sun Bingzhong
Executive Director and Chief Executive Officer
29 February 2016