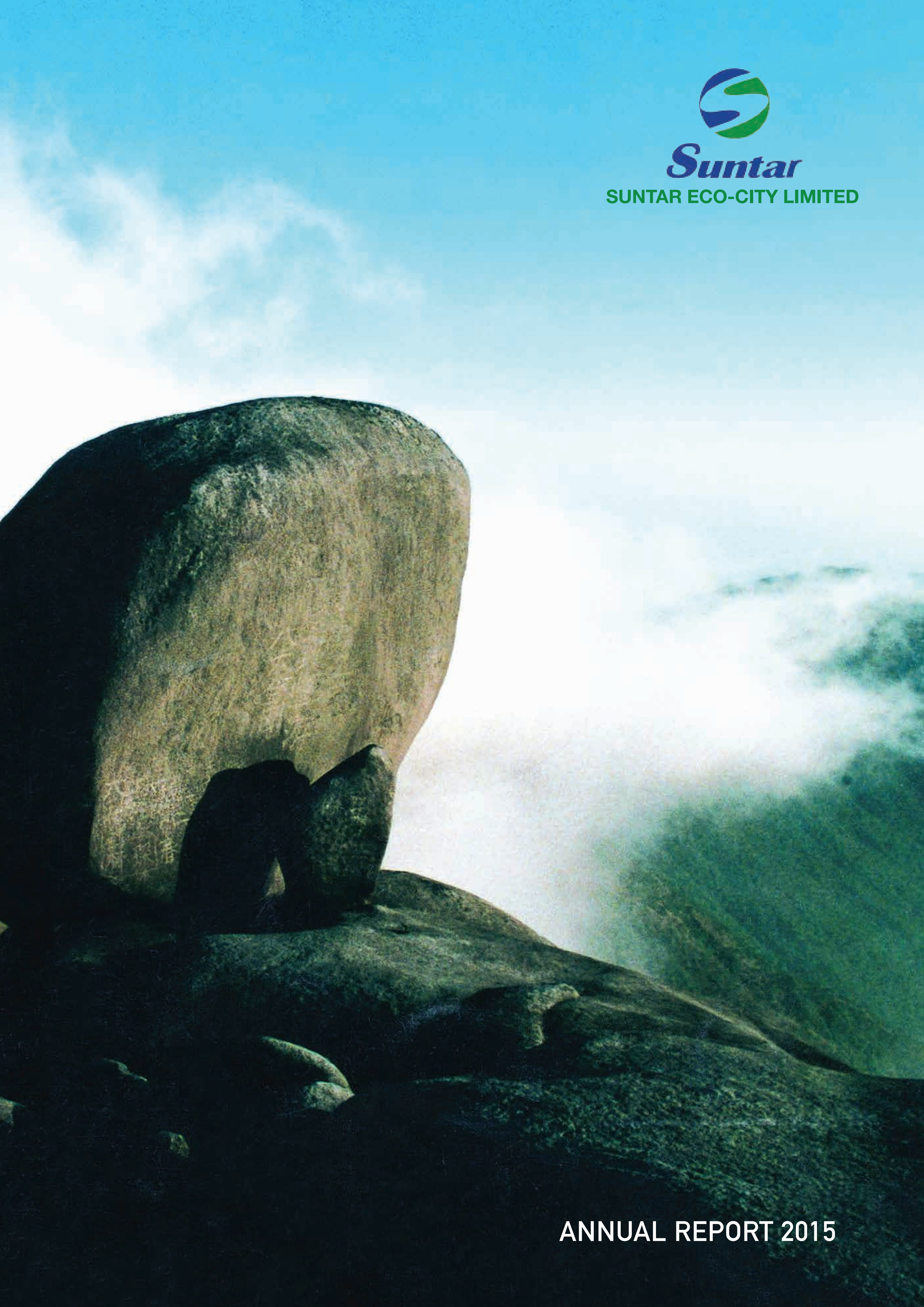
Suntar

SUNTAR ECO-CITY LIMITED



ANNUAL REPORT 2015

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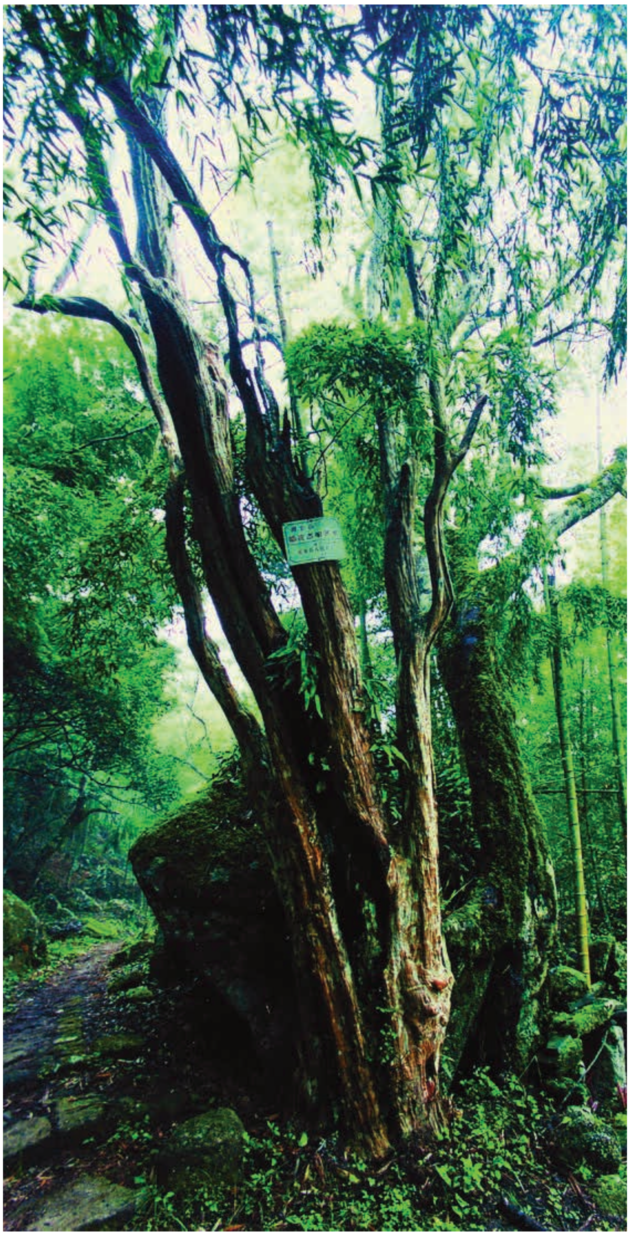
ABOUT US

Suntar Eco-City Limited (the “Company”) was established on 22 September 2006 and was listed on the Mainboard of Singapore Exchange Securities Trading Limited on 1 August 2007. The Company currently has two divisions: the pharmaceutical ingredients products segment and the property development segment.

The Company’s subsidiary, Xi’an Reyphon Pharmaceutical Co., Ltd (formerly known as Xi’an Reyphon Chemical Co., Ltd), located in the Jinghe Economic Development Zone of Xi’an, Shanxi Province, is currently engaged in the production of pharmaceutical ingredients products.

At the Extraordinary General Meeting held on 11 June 2012, the shareholders of the Company approved the expansion of the Group’s scope of business to include the eco-tourism real estate development and management business and change in name of the Company from “Reyphon Agriceutical Limited” to “Suntar Eco-City Limited”.



CHAIRMAN'S STATEMENT

"公司的转型，　遭遇了曲折；
但未经风雨，　怎能见彩虹？"

CHAIRMAN'S STATEMENT

Dear Shareholders,

Financial and Operations Review

After the disposal of Gibberellic acid segment in FY2010, the Group has been actively exploring new business opportunities to rejuvenate the Group. The Group had on 28 January 2011 announced that it would like to enter the eco-tourism real estate development and management business and had entered into a conditional tourism management agreement with the Wuping Authorities (the "Tourism Management Agreement"). On 9 September 2011, the Board further announced that the Company had entered into a supplemental agreement to amend certain terms and conditions of the Tourism Management Agreement (the "Supplemental Agreement"). Under the terms of the Tourism Management Agreement and the Supplemental Agreement, the Company will operate and manage the Green Wuping Eco-Tourism Scenic Spot on behalf of the Wuping Authorities; and invest in and develop the Suntar Eco-City.

Further to the announcement, the circular to hold an Extraordinary General Meeting to obtain the shareholders' approval for the entry into eco-city development and eco-tourism management business has been approved by the Singapore Stock Exchange. All resolutions as set out in the Notice of Extraordinary General Meeting dated 18 May 2012 and put to vote were duly passed by the shareholders of the Group at the Extraordinary General Meeting held on 11 June 2012.

The Group currently has two divisions: the pharmaceutical ingredients products segment and the property development segment. As the property development segment has not completed any property development, the Group's revenue and loss for FY2015 were mainly from the pharmaceutical ingredients products segment. The pharmaceutical ingredients products segment was established in the People's Republic of China ("PRC") in 2007 for the expansion into human hormone production business.

In FY2015, sales of the new products 17alpha-Hydroxyprogesterone and Dexamethasone Sodium Phosphate helped the Group achieve a total revenue of RMB31.9 million, 213% higher than the RMB10.2 million in FY2014. Sales of the new products also helped the company derive higher gross margins of 7.1% in FY2015 which resulted in a gross profit of RMB2.3 million compared to a gross loss of RMB0.1 million in FY2014.

FY2016 Prospects and Future Plans

The Group's entry into the eco-tourism real estate development and management business is expected to bring new revenue streams to the Group once sales of the residential project commences. The entry into this business will also enable the Group to reduce reliance on existing pharmaceutical ingredients products segment. The Company has obtained the land use right of parcel of land for residential property development of Lan County project in Wuping, Fujian, PRC and development of the said parcel of land commenced on 30 June 2014. The development of the Lan County project is close to completion and the Management will monitor and opt for the appropriate timing to launch the sales of the residential project of Suntar Ecocity in FY2016.

In FY2015 the Group made efforts to upgrade facilities and infrastructure of the pharmaceutical ingredients products segment to meet State Food and Drug Administration ("SFDA") Good Manufacturing Practices ("GMP") standards. (国家食品药品监督管理局). These guidelines provide minimum requirements that a pharmaceutical or a food product manufacturer must meet to ensure that the products are of high quality and do not pose any risk to the consumers or general public.

The new official GMP license will allow the Company to produce and sell pharmaceutical end products instead of pharmaceutical intermediates. The shift to sales of end products is expected to further improve gross profit margins for the pharmaceutical ingredients products segment in the future.

Acknowledgment

Finally, I would like to thank all our board directors, management team, business partners and shareholders for their support and understanding all these years.

DR LAN WEIGUANG
Non-Independent Non-Executive Chairman

BOARD OF DIRECTORS

Dr Lan Weiguang
Non-Independent Non-Executive Chairman

He was appointed on 22 September 2006. Dr Lan is responsible for overseeing the overall management and operations, formulating the business model and growth strategies, of Sinomem Technology Pte Ltd and its subsidiaries ("Sinomem Group") and supervising R&D activities. Prior to the founding of Sinomem Group in November 1996, from August 1985 to January 1992, Dr Lan was an Assistant Professor at the Department of Food Engineering of Jimei University in Xiamen. From March 1994 to December 1995, Dr Lan was Technical and Sales Director of Hydrochem Engineering (Singapore) Pte Ltd. Dr Lan obtained a Bachelor of Science in Chemistry from Xiamen University in July 1985 and a PhD in Chemistry from the National University of Singapore in September 1995. From June 1997 to September 1999, Dr Lan was an Associate Professor at Xiamen University and he established the Applied Membrane R&D Centre in Xiamen University. In September 1999, he was promoted to the position of Professor at the Faculty of Chemistry and Chemical Engineering of Xiamen University, a position which he still holds today. In 2004, Dr Lan was invited to be a Professor at Nanchang University. In 2003, Dr Lan won the Young Chinese Entrepreneur Award organized by Yazhou Zhou Kan. In June 2004, he was elected as Vice Secretary-General of the China Membrane Industry Association. In 2005, he won the Outstanding Entrepreneurship Award awarded by the State Oversea Chinese Affair Office of People's Republic of China ("PRC"), the "Golden-Bridge" Award awarded by the Chinese Technological Market Association and the Outstanding Science Alumni Award awarded by the National University of Singapore.

Foong Daw Ching
Independent Non-Executive Director

He was appointed on 19 June 2007. He is currently a senior partner of Baker Tilly TFW LLP and Chairman of Baker Tilly International, Asia Pacific Region. Mr Foong has more than 30 years of audit experience. Mr Foong is a Fellow of The Institute Of Chartered Accountants in England and Wales, a Fellow of the Institute of Singapore Chartered Accountants and a Fellow member of CPA Australia. He is also an independent director and the Chairman of the audit committee of Travelite Holdings Ltd and Starland Holdings Ltd, companies listed on the Singapore Exchange Securities Trading Limited. Mr Foong was awarded the Public Service Medal (Pingat Bakti Masyarakat) by the President of Singapore in 2003.

BOARD OF DIRECTORS

He Kaijun
Independent Non-Executive Director

Mr He Kaijun was appointed on 19 July 2013. He holds a Bachelor's Degree of Physics from Tianjin Nankai University, China. He also attained the Senior Management Training Course in Germany and Manager of High-tech Industry Training Course in Singapore. From 1989, Mr He obtained more than 20 years working experience in Industrial Park and Innovation park development and management as well as trade promotion. In 1989, Mr He was appointed as Chairman of China's Ministry of Mechanical and Electrical New Technology Research and Development Centre in Xiamen. From 1990 to 2001, Mr He contributed to set up Xiamen Torch Hi-Tech Industrial Development Zone, which is one of first China's national level high-tech industrial development zones and the most important industrial and technology park in Xiamen, Xiamen High-tech Centre for Enterprise and Xiamen Pioneering Park for Overseas Chinese Scholars. From 2001 to 2013, Mr He served as consultant of Xiamen Investment Promotion Agency, Chairman of Xiamen Optoelectronic Technology Centre, Chairman of Xiamen LED Trade Promotion Centre and Chairman of Xiamen Torch Strategic Emerging Industries Promotion Centre. Mr He is also the Science counsellor of the Standing Committee of Xiamen Municipal People's Congress.

Chen Guansheng
Non-independent Non-Executive Director

He was appointed on 9 May 2008. Mr Chen has more than 17 years experiences in fermentation-based pharmaceutical industry. He has been with Sinomem Group since June 2005. Prior to joining Sinomem Group, he was with Lukang Pharmaceutical Co., Ltd, a listed company in the PRC as the Deputy General Manager from July 1996 to December 1999 and as Director and Executive Vice President from December 1999 to April 2005. Mr Chen holds a Bachelor Degree of Chemical Engineering from Zhejiang University PRC and a MBA from Hong Kong Polytechnic University.

Lan Yihong
Executive Director

He was appointed as Executive Director of the Company on 8 May 2015, and re-designated to Executive Director and Finance Director with effect from 5 August 2015. Mr Lan is responsible for the oversight of the financial planning and financial reporting matters of the company and strategic development of the group.

Previously, Mr Lan was with CDH Investments in their Beijing Private Equity office where he drove investments in the Consumer and Healthcare space. Prior to that Mr Lan worked with Deutsche Bank Securities in their investment banking division based out of New York City, with a specific focus on the Chemicals sector. He received his undergraduate degree in Industrial Engineering from University of Michigan – Ann Arbor.

FINANCIAL HIGHLIGHTS

	2011 RMB '000	2012 RMB '000	2013 RMB '000	2014 RMB '000	2015 RMB '000
Revenue	42,781	49,909	41,133	10,174	31,878
Gross profit (loss)	2,253	3,328	(2,145)	(137)	2,263
(Loss) / Profit before tax	(4,263)	(1,225)	922	(8,396)	(4,526)
Loss after tax	(3,879)	(1,233)	(450)	(8,420)	(4,568)
Current assets	88,466	79,812	87,032	82,715	85,572
Non-current assets	59,257	61,430	55,675	57,790	55,598
Total assets	147,723	141,242	142,707	140,505	141,170
Current liabilities	14,289	9,041	10,956	17,174	22,407
Total liabilities	14,289	9,041	10,956	17,174	22,407
Net current assets	74,177	70,771	76,076	65,541	63,165
Equity or Net assets	133,434	132,201	131,751	123,331	118,763
Basic and diluted earnings per share (RMB cents) (1)	(6.18)	(1.96)	(0.72)	(13.42)	(7.28)

Notes:

(1) On 24 November 2015, the Company completed a share consolidation for every five existing issued ordinary shares of the Company into one ordinary share and earning per shares for the comparative period had been adjusted for the effects of the share consolidation.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr Lan Weiguang
(Non-Independent Non-Executive Chairman)

Lan Yihong
(Executive Director / Finance Director)

Chen Guansheng
(Non-Independent Non-Executive Director)

Foong Daw Ching
(Independent Non-Executive Director)

He Kaijun
(Independent Non-Executive Director)

AUDIT COMMITTEE

Foong Daw Ching
(Chairman)

Dr Lan Weiguang

He Kaijun

REMUNERATION COMMITTEE

He Kaijun
(Chairman)

Dr Lan Weiguang

Foong Daw Ching

NOMINATING COMMITTEE

He Kaijun
(Chairman)

Dr Lan Weiguang

Foong Daw Ching

COMPANY SECRETARY

Chew Kok Liang

REGISTERED OFFICE

6 Battery Road
#10-01
Singapore 049909
Company Registration No. 200613997H
Tel : (65) 6483 0310
Fax : (65) 6483 0210

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road
#02-00
Singapore 068898

AUDITORS

Deloitte & Touche LLP
Public Accountants and Chartered Accountants
6 Shenton Way OUE Downtown Two
#33-00
Singapore 068809
Partner-in-charge : Ong Bee Yen
Date of Appointment : 5th August 2013

PRINCIPAL BANKERS

United Overseas Bank Limited
80 Raffles Place
#12-00 UOB Plaza 1
Singapore 04862

CORPORATE GOVERNANCE REPORT & FINANCIAL CONTENTS

CORPORATE GOVERANCE REPORT

Suntar Eco-City Limited (the "Company" or "Suntar Eco-City") and together with its subsidiaries (the "Group") are committed to achieving high standards of corporate governance and transparency within the Group in the spirit of the Code of Corporate Governance 2012 (the "Code") in order to safeguard the Group's assets and to protect the interest of the shareholders. The Board of Directors (the "Board") believes that good corporate governance inculcates an ethical environment and enhances the long-term value of its shareholders.

This report describes corporate governance framework and practices adopted by the Group, embodying the principles in the Code. The Board is pleased to confirm that for the financial year ended 31 December 2015 ("FY2015"), the Group has adhered to the principles and guidelines as set out in the Code, except where otherwise indicated.

A. BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

The Board is responsible for setting the strategic directions for the Company. The Board, in fulfilling its stewardship responsibility for the Company, met on a regular basis throughout the year to supervise the Management in areas such as budgeting and planning, organizational and financial performance, the achievement of strategic goals and objectives, risk management as well as communication with shareholders of the Company. The Board is also responsible for considering sustainability issues relating to the environment and social factors as part of the strategic direction of the Group.

The principle functions of the Board are, inter alia, to:-

- provide entrepreneurial leadership, set strategic objectives, and ensure that necessary financial and human resources are in place for the Group to meet its objectives;
- establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Group's assets;
- review of management performance;
- identify the key stakeholder groups and recognise that their perceptions affect the Group's reputation;
- set the Group's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met;
- consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation;
- approve announcements, annual report and accounts;
- convene meetings of shareholders; and
- approve acquisition and/or disposal of company and/or business; entry into material contracts; incorporation and/or dissolution of subsidiary, associated company and/or joint venture company; changes to the issued and paid-up share capital of any subsidiaries within the Group.

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

To facilitate effective execution of its function, the Board has delegated specific responsibilities to three subcommittees, namely Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC") (collectively, the "Board Committees" or each the "Board Committee"). Each Board Committee has its own terms of reference setting out its roles and authorities to examine particular issue and report back to the Board with its recommendations. The Chief Executive Officer ("CEO") is invited to attend all Board and Board Committees meetings and is required to report to the Board. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

The Board has adopted a set of internal controls and guidelines which sets out authority and approval limits for cheque signatories arrangements.

On an ongoing basis, the Company updates the Directors regarding new legislation and/or regulations which are relevant to the Group to enable them to make well-informed decisions and to ensure that the Directors are competent in carrying out their expected roles and responsibilities.

Mr Lan Yihong was appointed as Executive Director of the Company on 8 May 2015, and re-designated to Executive Director and Finance Director with effect from 5 August 2015. The Company has provided Mr Lan Yihong and will provide incoming Directors (if and when appointed) with information relating to corporate conduct and governance including continuing disclosure requirements as required by the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), disclosure of interests in securities, restrictions on disclosure of confidential or price sensitive information and etc. On-the-job training was also provided to Mr Lan Yihong and he is encouraged to attend relevant courses to familiarise himself with the role and responsibilities of a Director and the Group's business and operations, including site visits. The costs of arranging and funding the training of the Directors will be borne by the Company.

The Board meets regularly on a quarterly basis and such other times as warranted by circumstances. Ad-hoc, non-scheduled Board meetings including meetings via teleconference, could be held to deliberate on urgent and critical matters. The Company's Constitution provides for Board meetings to be conducted by way of teleconference, provided that the requisite quorum of at least two Directors is present.

The number of Board and Board Committees meetings held during the FY2015 and the attendance of each Director at every Board and Board Committees meeting is presented below. Minutes of all Board and Board Committees meetings are circulated to members for review and confirmation. These minutes could also enable Directors to be kept abreast of matters discussed at such meetings.

	Board(1)	Audit Committee(1)	Nominating Committee(1)	Remuneration Committee(1)
No. of meetings held	4	4	1	1
No. of meetings attended by respective Directors				
Non-Independent Non-Executive Chairman:				
Dr Lan Weiguang	4	4	1	1
Executive Director:				
Lan Yihong(2)	2	N/A	N/A	N/A
Lan Chunguang(3)	2	N/A	N/A	N/A
Independent Non-Executive Directors:				
Foong Daw Ching	4	4	1	1
He Kaijun	1	1	1	1
Non-Independent Non-Executive Director:				
Mr Chen Guansheng	1	N/A	N/A	N/A

Notes:

(1) Include meetings via teleconference.

(2) Mr Lan Yihong was appointed as Executive Director on 8 May 2015.

(3) Mr Lan Chunguang resigned as Executive Director on 8 May 2015, and remained as CEO.

Principle 2: Board Composition and Guidance

The Board comprises five Directors comprising, one Executive Director and four Non-Executive Directors. The Directors as at the date of this report are listed as follows:

EXECUTIVE DIRECTOR

- Mr Lan Chunguang (Executive Director and CEO)
  (Resigned as Executive Director on 8 May 2015 and remained as CEO)
- Mr Lan Yihong (Executive Director and Finance Director)
  (Appointed on 8 May 2015 and re-designated on 5 August 2015)

NON-EXECUTIVE DIRECTORS

- Dr Lan Weiguang (Non-Independent Non-Executive Chairman)
- Mr Chen Guansheng (Non-Independent Non-Executive Director)
- Mr Foong Daw Ching (Lead Independent Non-Executive Director)
- Mr He Kaijun (Independent Non-Executive Director)

The Board has examined its size and is of the view that the current board size is appropriate for effective decision-making, taking into account the scope and nature of the operations of the Company and the core competencies and experience of its members.

The Board is of the view that there is a strong and independent element on the Board with Independent Directors forming at least one-third of the Board although the Independent Directors do not make up at least half of the Board where the Chairman and the CEO are immediate family members. Matters requiring the Board's approval are discussed and deliberated with participation from each member of the Board and all major decisions are made without any individual influencing or dominating the decision making process.

The Board considers an "independent" director as one who has no relationship with the Group, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interest of the Company and Group.

In view that the Chairman and the CEO are immediate family members and the Chairman is not an Independent Director, the Board noted that the Company is required to comply with the Guideline 2.2 of the Code for Independent Directors to make up at least half of the Board, and is in the midst of making arrangements to change the board composition at the annual general meeting ("AGM") following the end of financial year commencing on or after 1 May 2016.

The Board consists of respected individuals from different backgrounds whose core competencies, qualifications, skills and experience are extensive and complementary. These include accounting, finance, pharmaceutical, property development, engineering, business and management experience. Key information regarding the directors' academic and professional qualifications and other appointments is set out on pages 4 and 5 of the Annual Report.

Although all the Directors have an equal responsibility for the Group's operations, the role of the Non-Executive Directors is particularly important in ensuring that the strategies proposed and implemented by the Management are constructively challenged, taking into account the long-term success of the Group and interests of the shareholders. The Non-Executive Directors also monitor closely on the performance of the Management in meeting agreed goals and objectives. The Non-Executive Directors are encouraged to meet regularly as and when required without Management present.

The Board is of the view that the current Board consists of the appropriate mix of expertise, knowledge and experience to provide the necessary guidance to lead and direct the Group. The Board will consistently examine its size with a view of determining its impact on its effectiveness.

The Board believes that there is a good balance of power and authority as all Board Committees are chaired by Independent Directors. The Company will continue to review its Board composition with a view to enhance corporate governance practices.

None of the Independent Directors has served on the Board beyond nine years from the date of his appointment.

Principle 3: Chairman and Chief Executive Officer

The roles of the Chairman and the CEO are separated and distinct, each having his own areas of responsibilities. The Company believes that a clear division of responsibilities between the Chairman and the CEO will ensure an appropriate balance of power, increased accountability and greater capacity of the Board for constructive decision-making. The positions of Chairman and CEO are held by Dr Lan Weiguang and Mr Lan Chunguang respectively, who are siblings.

In order to promote high standards of corporate governance, Mr Foong Daw Ching has been appointed as the Group's Lead Independent Director, who is also a member of the NC, and shall be available to the shareholders whenever their concerns through the normal communication channels to the Non-Executive Chairman, CEO or Finance Director has failed to resolve or for which such contact is inappropriate. Such concerns may be sent to his email address at dawching@bakertillytfw.com.

As the Company's Non-Independent Non-Executive Chairman, Dr Lan Weiguang's primary responsibilities include:

- Ensuring that Board procedures are followed and reviewed so that the Board functions effectively;
- Ensuring that corporate plans, policies and strategies adopted by the Board are implemented;
- Ensuring the Company's compliance with the Code;
- Ensuring that Board Meetings are held as and when necessary;
- Ensuring that adequate time of Board Meetings are available for discussion and promote openness and debate during the Board Meetings;
- Ensuring effective communication with shareholders;
- Ensuring constructive relations within the Board, between the Board and Management as well as facilitating effective contribution of Non-Executive Directors; and
- Ensuring that the Directors receive complete, adequate and timely information.

As the Company's CEO, Mr Lan Chunguang is responsible for the overall management and strategic development of the Group. To further enhance balance of power within the Board, all major decisions made by the Company will be subject to review by the Board.

The Independent Directors led by the Lead Independent Director, are encouraged to meet periodically without the presence of the Executive Director where necessary. The Lead Independent Director will also provide feedback to the Non-Executive Chairman after such meetings.

B. BOARD COMMITTEES

Nominating Committee
Principle 4: Board Membership
Principle 5: Board Performance

The NC comprises the following three Directors, all non-executive, the majority of whom, including the Chairman of the NC, are Independent Non-Executive Directors:-

- Mr He Kaijun (NC Chairman and Independent Non-Executive Director)
- Mr Foong Daw Ching (Lead Independent Non-Executive Director)
- Dr Lan Weiguang (Non-Independent Non-Executive Chairman)

The Board has approved the written terms of reference of the NC. The NC performs, inter alia, the following functions:

(a) reviewing and recommending of the Board succession plans for Directors, in particular, the Chairman and the CEO;

(b) reviewing and recommending of appointment and re-appointment of Directors (including alternate directors, if applicable) having regard to the Directors' contribution and performance;

(c) determining on an annual basis whether or not a Director is independent;

(d) assessing the performance of the Board, its Board Committees and contribution of each Director to the effectiveness of the Board;

(e) reviewing the training and professional development programs for the Board;

(f) developing a process for evaluation of the performance of the Board, its Board Committees and Directors;

(g) where any Director has multiple listed company board representations and other principal commitments, to decide whether the Director is able to and has adequately carrying out his duties as a Director of the Company, taking into consideration the competing time commitments that the Director faces when serving on multiple listed company board representations and to determine the maximum number of listed company board representations which any Director may hold;

(h) other acts as may be required by the SGX-ST and the Code from time to time.

CORPORATE GOVERANCE REPORT

PARTICULARS OF DIRECTORS AS AT 31 DECEMBER 2015

Name of Director	Date of first Appointment	Date of last re-election	Relationships with directors, the Company or its 10% shareholders	Nature of appointment	Membership of Board Committees	Directorship/ chairmanship both present and those held over the preceding three years in other listed company and other major appointments
Dr Lan Weiguang	22 September 2006	30 April 2015	Father of Lan Yihong, who is a Director of the Company	Non-Independent Non-Executive Chairman	Member of AC, NC and RC	Sinomem Technology Limited
Chen Guansheng	9 May 2008	22 April 2014	–	Non-Independent Non-Executive Director	None	None
Foong Daw Ching	19 June 2007	22 April 2014	–	Lead Independent Non-Executive Director	Chairman of AC, Member of NC and RC	• Travelites Holdings Ltd • Starland Holdings Ltd
He Kaijun	19 July 2013	30 April 2015 (to be re-appointed at the forthcoming AGM)	–	Independent Non-Executive Director	Chairman of NC and RC and Member of AC	None
Lan Yihong	8 May 2015	Nil (to be re-elected at the forthcoming AGM)	Son of Dr Lan Weiguang, who is a Director of the Company	Executive Director and Finance Director	None	None

The independence of each Director will be reviewed by the NC on an annual basis. The NC adopts the definition of what constitute an Independent Director from the Code. During the year, the NC had reviewed and determined that Mr Foong Daw Ching and Mr He Kaijun are independent.

All Directors are subject to retirement pursuant to the provisions of the Company's Constitution whereby one-third of the Directors are required to retire and subject themselves to re-election by shareholders at every AGM.

A newly-appointed Director will have to submit himself for re-election at the AGM immediately following his appointment and, thereafter, be subjected to the one-third-rotation rule.

The NC recommended to the Board that Mr Lan Yihong be nominated for re-election pursuant to the Company's Constitution and Mr He Kaijun be recommended for re-appointment at the forthcoming AGM. With the repeal of Section 153 of the Companies Act, Chapter 50 with effect from 3 January 2016, upon re-appointment, Mr He Kaijun will thereafter, be subject to retirement by rotation under the Company's Constitution. In making the recommendation, the NC had considered the Directors' overall contribution and performance. Each NC member shall abstain from voting on any resolutions in respect to his re-election or re-appointment.

The Board has accepted the recommendations and the aforementioned retiring Directors will be offering themselves for re-election and re-appointment.

There is no alternate Director on the Board.

The NC and the Board are satisfied that all Directors are able to and have adequately carried out their duties as Directors of the Company after taking into the consideration the number of listed company board representations and other principal commitments of these Directors. The Board with the recommendation of the NC, decided that the maximum number of the listed company board representations which any Director may hold is five.

As at the date of this report, no Director has exceeded the maximum number of the listed company board representations set by the Board.

On an annual basis, the NC in consultation with the Chairman of the Board, will review and evaluate the performance of the Board as a whole, its Board Committees and each Board Member taking into consideration the attendance record, preparedness and participation at the meetings of the Board and Board Committees and also the contribution of each Director to the effectiveness of the Board.

The Board has a formal process for assessing the effectiveness of the Board as a whole, its Board Committees and Board Member with objective performance criteria and contribution of each individual Director to the effectiveness of the Board. The NC, without the engagement of an external facilitator, conducted an assessment of the functions and effectiveness of the Board as a whole, its Board Committees and the contribution of each individual Director towards the effectiveness of the Board for FY2015. These assessment reports were recommended by the NC and reviewed by the Board. These assessments also takes into consideration both qualitative and quantitative criteria, such as return on equity, success of the strategic and long-term objectives set by the Board and the effectiveness of the Board in monitoring the Management's performance against the goals that had been set by the Board.

Principle 6: Access to Information

To enable the Board to function effectively and to fulfill its responsibilities, the Management strives to provide Board papers prior to any Board and Board Committees meeting. These papers are issued in advance, with sufficient time to enable Directors to consider the issues and to obtain additional information or explanation from the Management, if necessary.

Draft agendas for Board and Board Committees meetings are circulated in advance to the respective Chairman, in order for them to suggest items for the agenda and/or review the usefulness of the items in the proposed agenda.

All Directors have separate and independent access to key management personnel and to the Company Secretary at all times. The Company Secretary and/or his representatives administer, attend and prepare minutes of Board and Board Committees meetings, and assists the respective Chairman of the Board and Board Committees meetings in ensuring that Board procedures are followed so that the Board functions effectively, and the Company's Constitution and relevant rules and regulations, including requirements of the Singapore Companies Act and the Listing Manual of SGX-ST, are complied with, at all times.

The appointment and removal of the Company Secretary is a matter for the Board as a whole.

Should the Directors need independent professional advice, the Company will, upon direction by the Board, appoint a professional advisor to render the advice, and the costs of such professional fees will be borne by the Company.

Remuneration Committee
Principle 7: Procedures for Developing Remuneration Policies
Principle 8: Level and Mix of Remuneration
Principle 9: Disclosure on Remuneration

The RC comprises the following three non-executive Directors, the majority of whom, including the Chairman of the RC, are independent:-

- Mr He Kaijun (RC Chairman and Independent Non-Executive Director)
- Mr Foong Daw Ching (Lead Independent Non-Executive Director)
- Dr Lan Weiguang (Non-Independent Non-Executive Chairman)

The Board has approved the written terms of reference of the RC. The RC performs, inter alia, the following functions:

(a) reviewing and recommending to the Board a general framework of remuneration for the Directors and key management personnel (including executive officers and senior management) of the Group;

(b) reviewing and recommending specific remuneration packages and terms of employment (where applicable) for each Executive Director and key management personnel (including executive officers and senior management);

(c) conducting annual review of the remuneration of employees related to the Directors and substantial shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities;

(d) considering various disclosure requirements for remuneration of Directors, the CEO and at least the top five key management personnel (who are not the Directors and the CEO), and ensure that there is adequate disclosure in the financial statements to ensure and enhance transparency between the Company and relevant interested parties;

(e) reviewing and recommending to the Board, the adoption of share options schemes or any long term incentive schemes for the benefits of the Group's employees who had exceptional performance; and

(f) other acts as may be required by the SGX-ST and the Code from time to time.

In carrying out the above responsibilities, the RC may obtain independent external legal and other professional advice as it deems necessary. The expenses of such advice will be borne by the Company.

In setting remuneration packages, the RC takes into consideration the pay and employment conditions within the industry and in comparable companies. As part of its review, the RC ensures that the performance related elements of remuneration form a significant part of the total remuneration package of the Executive Director and is designed to align the Executive Director's interest with those of shareholders and link rewards to corporate and individual performance. In addition, the RC is responsible for the review of compensation commitments to the service agreements, if any, entail in the event of early termination.

The RC's recommendations are made in consultation with the Chairman of the Board and submitted to the entire Board for approval. The Company will submit the quantum of the Directors' fee of each financial year to the shareholders for approval at the AGM. The payment of fees to Non-Executive Directors is subject to approval at the AGM of the Company. Each and every Director abstained from voting on any resolutions and making any recommendations and/or participating in any deliberations in respect of their own remuneration.

The Company may recommend the Company to consider the use of contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Director and key management personnel in exceptional circumstances of misstatement of financial results, or misconduct resulting in financial loss to the Company.

The remuneration paid to the Directors and key management personnel (including executive officers and senior management) on an individual basis during the FY2015 is set out below:

Board of Directors	Salary RMB	Bonus RMB	Directors' Fees RMB	Incentive and other benefits RMB	Total RMB
Below RMB1,134,600 or approximately S$250,000					
Dr Lan Weiguang	–	–	5	–	5
Mr Lan Yihong	45,384	–	–	7,715	53,099
Mr Chen Guansheng[(1)]	–	–	–	–	–
Mr Foong Daw Ching	–	–	217,484	–	217,484
Mr He Kaijun	–	–	36,000	–	36,000

Note:

(1) Mr Chen Guansheng did not receive any remuneration from the Company.

Key Management Personnel	Salary %	Bonus %	Incentive and other benefits %	Total %
Below RMB1,134,600 or approximately S$250,000				
Xiang Zhijing	88	–	12	100
Lan Chunguang	100	–	–	100
Ping Zhicun	100	–	–	100
Zhang Shengli	97	–	3	100
Xu Jianhua	100	–	–	100
Mi Zhenrui	100	–	–	100
Wang Peiwen	100	–	–	100

The aggregate total remuneration paid to the top five key management personnel (who are not Directors) for the FY2015 is RMB610,000.

None of the Directors, CEO and the top five key management personnel (who are not Directors or the CEO) of the Company has received any termination, retirement, post-employment benefits for FY2015.

For FY2015, the Company does not have any employees who are immediate family members of a Director or the CEO, whose remuneration exceeded S$50,000.

The Company has a share option scheme known as Suntar Eco-City Employee Share Option Scheme* ("ESOS") which was approved by shareholders of the Company on 10 July 2007. The ESOS complies with the relevant rules as set out in Chapter 8 of the Listing Manual. The ESOS will provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. The ESOS is administered by the RC. No options were granted under the ESOS during FY2015.The principal terms of the Scheme is set out in the pages 123 to 129 of the IPO Prospectus dated 24 July 2007.

*In view that the Company's name had been changed from "Reyphon Agriceutical Limited" to "Suntar Eco-City Limited", the name of the ESOS shall be renamed as Suntar Eco-City Employee Share Option Scheme.

C. ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects, to the public, the regulators and the shareholders of the Company.

The Board is accountable to the shareholders and other stakeholders while the Management is accountable to the Board. The Board's primary role is to protect and enhance long-term value and returns for the shareholders and is mindful of its obligations to furnish timely information and to ensure full disclosure of material information to shareholders in compliance with statutory requirements and the Listing Manual of SGX-ST.

Any price sensitive information will be publicly released via SGXNet, before the Company meets with any group of investors or analysts.

In discharge of its duties to the shareholders, the Board, when presenting annual financial statements and announcements, seek to provide the shareholders with a detailed analysis, explanation and assessment of the Group's financial position and prospects. For interim financial statements, the Board provides a negative assurance confirmation to shareholders, in line with Rule 705(5) of the Listing Manual of SGX-ST. The Management currently provides the Board with appropriately detailed management accounts of the Group's performance, position and prospects on a regular basis to enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects.

Principle 11: Risk Management and Internal Controls

The Board believes in the importance of maintaining a sound system of internal controls to safeguard the interests of the shareholders and the Group's asset. The system is intended to provide reasonable but not absolute assurance against material misstatements or loss and to ensure maintenance of proper accounting records, reliability of financial information, compliance with appropriate legislations, regulations and best practices, and the identification and containment of business risks.

The AC will continue to review and monitor the adequacy of the Company's internal controls and risk management practices, taking into consideration the risks which the Group is exposed to, the likelihood of occurrence of such risks and the costs of implementing controls.

For FY2015, the Board has received assurance from the CEO and Finance Director that (a) the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (b) the Group's risk management and internal control systems are sufficiently effective.

At present, the AC and Board rely on reports from the Finance Director to identify material non-compliance or internal control weaknesses. There were no major internal control weaknesses highlighted for the attention of AC for FY2015. The AC and Board also review the management letter, if any, prepared by the external auditors on control weakness relevant for the preparation of financial statements.

The Board, through the AC, reviews the adequacy of the Group's risk management framework and internal controls, to ensure risk management and internal controls are in place. In this aspect, the AC reviews the audit plans, and the findings of the auditors and ensures that the Group follows up on auditors recommendations raised, if any, during the audit process. The AC guides Management to check and ensure the adequacy of the internal controls. Based on the internal controls and risk management framework established and maintained by the Group, work performed by the external auditors (to the extent as required by them to form an audit opinion on the statutory financial statements), periodic reviews performed by the Management and assurance from the CEO and Finance Director, the Board with the concurrence of the AC, is of the opinion that the Group's internal controls in addressing financial, operational, compliance and information technology risks, and risk management systems are effective and adequate in the current scope of the Group's business environment and to provide reasonable assurance of integrity to safeguard its assets and shareholders' investments, against material misstatement.

At the moment, the overall risk management framework of the Group was collectively monitored by the AC and the Board. The Board will consider the necessity of establishing a separate Board risk committee as and when it deemed expedient.

Principle 12: Audit Committee

The AC comprises the following three non-executive Directors, the majority of whom, including the Chairman of the AC, are independent:-

- Mr Foong Daw Ching (AC Chairman and Lead Independent Non-Executive Director)
- Mr He Kaijun (Independent Non-Executive Director)
- Dr Lan Weiguang (Non-Independent Non-Executive Chairman)

The members of the AC, collectively, have expertise or experience in financial management and are qualified to discharge the AC's responsibilities.

The Board has approved the written terms of reference of the AC. The AC will assist the Board in discharging its responsibility to safeguard the Group's assets, maintain adequate accounting records, develop and maintain effective systems of internal control, with the overall objective of ensuring that the Management creates and maintains an effective control environment in the Group. The AC will provide a channel of communication between the Board, the Management and the auditors on matters relating to audit. The AC met with the external auditors periodically.

The AC performs, inter alia, the following functions:-

(a) reviewing with the external auditors audit plan and audit report, their evaluation of the system of internal accounting controls, their letter to management and the management's response;

(b) reviewing with internal auditors the internal audit plan, the scope and the result of their examination and evaluation of the system of internal controls;

(c) reviewing quarterly and annual financial statements and results announcements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual of SGX-ST and any other relevant statutory or regulatory requirements;

(d) reviewing the internal control procedures and ensure co-ordination between the auditors and the Management, and reviewing the assistance given by the Management to the auditors, and discuss problems and concerns, if any, arising from audits, and any matters which the auditors may wish to discuss (in the absence of the Management, where necessary);

(e) reviewing and discussing with the auditors any suspected fraud or improprieties or irregularities, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Management's response;

(f) reviewing the assurance received from the CEO and Finance Director that (1) the financial records have been properly maintained and the financial statements of the Company give a true and fair view of the Group's operations and finances; and (2) effectiveness of the Group's risk management and internal control systems;

(g) reviewing the scope and results of external audit, its cost effectiveness, and the independence and objectivity of the external auditors;

(h) reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Company's internal controls systems, including financial, operational, compliance and information technology controls;

(i) recommending to the Board on the proposals to shareholders on the appointment or re-appointment of the internal and external auditors and matters relating to the resignation or dismissal of the internal and external auditors;

(j) reviewing interested person transactions (if any) failing within the scope of Chapter 9 of the Listing Manual of SGX-ST;

(k) reviewing potential conflicts of interest (if any);

(l) reviewing the policy and arrangements by which staff of the Group or any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensures that arrangements are in place for the independent investigation of such matters and for appropriate follow- up action;

(m) assessing the suitability for appointment of Finance Director / Manager (or equivalent rank);

(n) undertaking such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and

(o) other acts as may be required by the SGX-ST and the Code from time to time.

The AC will meet, at the minimum, on a quarterly basis. In the event that a member of the AC is interested in any matter being considered by the AC, he will abstain from reviewing that particular transaction or voting on that particular resolution.

The AC has been given full access to and co-operation of the Company's Management. The AC has access to resources to enable it to discharge its functions properly. To facilitate discussions at its meetings, the AC had invited the other key executives of the Group to attend its meetings. The AC had direct access to the external auditors and had also met with the external auditors without the presence of the Management to discuss the results of their examinations and evaluation of the system of internal accounting controls. During the year, the AC has reviewed the scope and quality of their audits and the independence and objectivity of the external auditors as well as the cost effectiveness.

The fees paid/payable to Messrs Deloitte & Touche LLP, the external auditors, for the FY2015 are as follows:-

Services	Amount (RMB)
Audit service	428,000
Non-audit service	–
Total	428,000

The AC has also reviewed all audit and non-audit fees paid to the external auditor. The AC has reviewed the volume of non-audit services rendered to the Group, if any, by the external auditors, and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.

The Company has complied with Rule 715 of the Listing Manual of the SGX-ST as all subsidiaries of the Company are audited by Messrs Deloitte & Touche LLP for the purposes of the consolidated financial statements of the Company and its subsidiaries.

Messrs Deloitte & Touche LLP, the external auditors of the Company, has confirmed that they are Public Accounting Firms registered with Accounting and Corporate Regulatory Authority and provided a confirmation of their independence to the AC. The AC had assessed the external auditors based on factors such as performance, adequacy of resources and experience of their audit engagement partner and auditing team assigned to the Group's audit, the size and complexity of the Group.

In July 2010, the Singapore Exchange Limited ("SGX") and Accounting and Corporate Regulatory Authority ("ACRA") launched the "Guidance to Audit Committees on Evaluation of Quality of Work performed by External Auditors" which aims to facilitate the AC in evaluating the external auditors. Accordingly, the AC had evaluated the performance of the external auditors based on the key indicators of audit quality set out in the Guidance such as performance, adequacy of resources and experience of their audit engagement partner and auditing team assigned to the Group's audit, the size and complexity of the Group.

In addition, in October 2015, with the support from SGX and Singapore Institute of Directors, ACRA had introduced the "Audit Quality Indicators ("AQIs") Disclosure Framework to assist the ACs in evaluating the re-appointment of external auditors based on eight quality markers that correlate closely with audit quality. Accordingly, the AC had evaluated the external auditors based on the eight AQIs at engagement and/or firm-level.

The AC is satisfied that the Company's auditors are able to meet the audit requirements and statutory obligation of the Company. Accordingly, the AC is satisfied that Rule 712 of the Listing Manual of the SGX-ST is complied with and has recommended to the Board, the nomination of the external auditors for re-appointment at the forthcoming AGM.

In addition to the activities undertaken to fulfil its responsibilities, the AC is kept abreast by the Management, external and internal auditors on changes to accounting standards, stock exchange rules and other codes and regulations which could have an impact on the Group's business and financial statements.

The Company has established a whistle blowing policy to enable persons employed by the Group a channel to report any suspected non-compliance with regulations, policies, fraud and/or other matters to the appropriate authority for resolution, without any prejudicial implications to these employees. The AC is vested with the power and authority to receive, investigate and enforce appropriate action when any such non-compliance matter is brought to its attention. As of to-date, there were no reports received through the whistle blowing mechanism.

Principle 13: Internal Audit

The Company is primarily engaged in the production of pharmaceutical ingredient product on a smaller scale as compared to preceding years, as well as commencing its property development business on a relatively small scale. In view of the small size of Group's business and operations, the AC was of the view that the appointment of professional internal auditors to conduct the internal audit review for FY2015 would involve expenses unduly out of proportion to its value. In year 2016, the Company had engaged Xiamen Heyu Certified Public Accountant (CPA) Ltd (厦门和裕会计师事务所有限公司) as its internal auditors for the Group. The AC will set the internal audit scope, approve their internal audit plans, review their internal audit reports and assess the effectiveness of the internal auditors, such as its scope of work and the quality of its audit reports.

For FY2015, the AC has reviewed the internal controls review based on the report from the Finance Director, and assurance from the CEO and Finance Director. In addition, both the AC and external auditors meet quarterly to discuss for the matters pertaining to the Company's statutory audits. The external auditors were also invited to attend all AC meetings of the Company held for FY2015.

D. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholders Rights
Principle 15: Communication with Shareholders
Principle 16: Conduct of Shareholder Meetings

The Company believes that a high standard of disclosure is crucial to raising the level of corporate governance. All information that requires public disclosure is first announced through the SGXNet. The Company is open to meetings with investors and analysts and in conducting such meetings, the Company is mindful of the need to ensure fair disclosure. The Company has also adopted quarterly results reporting since its listing in August 2007. Price-sensitive information is publicly released, and is announced within the mandatory period.

The AGM of the Company is the principal forum for dialogue and interaction with all shareholders. All shareholders of the Company will receive the annual report and notice of the AGM. At the AGM, shareholders will be given the opportunity to voice their views and to direct questions regarding the Group to the Directors including the chairman of each of the Board Committees. The Chairman of the AC, NC and RC together with the external auditors would be present at the AGM to address all queries that the shareholders may have. In the event that the Company wishes to obtain shareholders' approval for any major transaction, the Board will disseminate such information via SGXNet, prepare and send notice of general meeting and circular to shareholders within the mandatory period.

Shareholders are highly encouraged to attend the AGM of the Company to ensure a high level of accountability and to stay informed of the Company's strategy and goals. If any shareholder is unable to attend, he/she is allowed to appoint up to two proxies to vote on his/her behalf at the AGM through proxy forms sent in advance. A Relevant Intermediary[1] may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified). An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his/her vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

Minutes of general meetings include substantial and relevant queries or comments from shareholders relating to the agenda of the meeting and responses from the Board and Management. These minutes would be available to shareholders upon their request.

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1 A Relevant Intermediary is:

a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

b) a person holding a capital markets services licence to provide custodial services for securities under the Securities Futures Act (Cap. 289) and who holds shares in that capacity; or

c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

The Company ensures that there are separate resolutions at general meetings on each distinct issue. Each item of the resolution included in the notice of general meetings will be accompanied by full explanation of the effects of a proposed resolution.

The Company does not have a policy on payment of dividends. The issue of dividend is deliberated by the Board having regard to various factors, including but not limited to the Group's actual and projected financial performance; projected levels of capital expenditure and other investment plans; working capital requirements and general financial conditions; and the level of the Group's cash and retained earnings. Taking into account the above factors, the Board has not recommended dividends to be paid in respect of FY2015.

The Company will put all resolutions to vote by poll. The Company will make an announcement of the detailed results showing the numbers of votes cast for and against each resolution and the respective percentages.

E. ADDITIONAL INFORMATION

Dealings in Securities

The Company has complied with Rule 1207(19) of the Listing Manual of the SGX-ST in relation to the best practices on dealings in the securities:-

(a) The Company had devised and adopted its own internal compliance code to provide guidance to its officers with regards to dealings by the Company and its officers in its securities;

(b) Officers of the Company did not deal in the Company's securities on short-term considerations; and

(c) The Company and its officers did not deal in the Company's shares (i) during the periods commencing two weeks before the announcement of the Company's financial results for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements, ending on the date of the announcement of the relevant results, and (ii) if they are in possession of unpublished price-sensitive information of the Group.

In addition, the Directors and Management are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading period.

Material Contracts
(Listing Manual Rule 1207(8))

There was no material contracts entered into by the Group involving the interests of any directors or Controlling Shareholders subsisting at the end of the FY2015.

Interested Person Transactions
(Listing Manual Rule 907)

The Company had established a procedure 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 year, disclosed in accordance with Rule 907 of the SGX-ST Listing Manual, was as follows:-

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920)	Aggregate value of all Interested Person Transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Lan Weiguang	$373,805 (equivalent to RMB1,696,000)	Nil

The Company has no shareholders' mandate for interested person transactions.

Use of Initial Public Offering proceeds
(Listing Manual Rule 1207(20))

The Group raised S$28,782,000 from its initial public offering ("IPO") from the issuance of 73,800,000 new shares of S$0.39 each on 1 August 2007. Total net proceeds were approximately S$26,370,000 after deducting IPO expenses of approximately S$2,412,000.

After the IPO, the Group had transferred a total sum of USD13,461,200 (approximately S$19,854,000) from the IPO proceeds to its principal subsidiary, Jiangxi New Reyphon Biochemical Co., Ltd, for the following purposes:

Use of net proceeds as stated in the Prospectus	Amount allocated as stated in the Prospectus (S$)	Amount Utilized (S$)
To expand production capacity	15,000,000	11,426,000
For R&D of new products	3,000,000	576,000
To strengthen sales and distribution network	1,000,000	370,000
For general working capital purposes of Group	7,447,000	7,482,000
Total	26,447,000	19,854,000

The aforementioned proceeds have been used in accordance with the intended use and is in accordance with the percentage allocated as stated in the Prospectus. The remaining proceeds of approximately S$6.6 million has not been utilized to-date.

As announced on 14 November 2013, the Company does not have any immediate plans to utilise the remaining proceeds. In order to increase the flexibility in the deployment of funds, the Company had re-designated the remaining proceeds as working capital of the Company.

The Company shall make periodic announcements of the use of the IPO proceeds as and when the proceeds are materially disbursed.

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of change 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 as set out on pages 30 to 66 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 report are:

Dr Lan Weiguang
Foong Daw Ching
Chen Guansheng
He Kaijun
Lan Yihong (Appointed on May 8, 2015)

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND 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.

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 as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

	Shareholdings in registered in the name of directors		Shareholdings which directors are deemed to have an interest	
Name of directors and companies in which interests are held	At beginning of year	At end of year	At beginning of year	At end of year
Ultimate holding company				
- Clean Water Investment Limited				
(Ordinary shares of par value US$0.000001)				
Dr Lan Weiguang	271,268,960	271,268,960	10,000,040	10,000,040
The Company				
(Ordinary shares)				
Dr Lan Weiguang	319,000	63,800	236,068,000	47,213,600
Foong Daw Ching	10,000	2,000	–	–
Lan Chunguang	585,000	117,000	–	–

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (cont'd)

By virtue of Section 7 of the Singapore Companies Act, Dr Lan Weiguang is deemed to have an interest in all the related corporations of the Company.

The directors' interests in shares of the Company and related corporations as at January 21, 2016 were the same as at December 31, 2015.

Following the shareholders' approval obtained at an extraordinary general meeting on November 13, 2015, the Company had consolidated its 5 existing issued ordinary shares into 1 ordinary share with effect from November 24, 2015. Accordingly, adjustments had been made to the number of shares.

4 SHARE OPTIONS

(a) *Options to take up unissued shares*

During the financial year, no options to take up unissued shares of the Company or any corporation in the Group were granted.

(b) *Options exercised*

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

(c) *Unissued shares under options*

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under options.

5 AUDIT COMMITTEE

The Audit Committee of the Company, consisting all non-executive directors, is chaired by Mr Foong Daw Ching, an independent director, and includes Mr He Kaijun, an independent director and Dr Lan Weiguang, a non-executive director. The Audit Committee has met four times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

(a) the internal and external audit plans and results of internal auditors' examination and evaluation of the group's systems of internal accounting controls;

(b) the quarterly, half yearly and annual announcements and financial statements before submission to the Board of Directors for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual of SGX-ST and any other relevant statutory or regulatory requirements;

(c) the co-ordination between the external auditors and the management, and review the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from audits, and any matters which the auditors may wish to discuss;

(d) any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position with management;

5 AUDIT COMMITTEE (cont'd)

(e) the appointment and re-appointment of the external auditors and matters relating to the resignation or dismissal of the external auditors;

(f) interested person transactions (if any) falling within the scope of Chapter 9 of the Listing Manual of SGX-ST;

(g) potential conflicts of interest (if any); and

(h) undertake such other reviews and projects as may be requested by the Board of Directors and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal 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 AGM of the Company.

6 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Lan Weiguang

Lan Yihong

March 28, 2016

INDEPENDENT AUDITORS' REPORT

Year ended December 31, 2015

Report on the Financial Statements

We have audited the accompanying financial statements of Suntar Eco-City Limited (the "Company") and its subsidiaries (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 pagess 30 to 66.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide 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 the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 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 year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary corporation 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

March 28, 2016

STATEMENTS OF FINANCIAL POSITION

December 31, 2015

		Group		Company	
	Note	2015	2014	2015	2014
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Current assets					
Cash and cash equivalents	7	28,032	8,291	164	204
Structured deposits	8	–	33,830	–	–
Trade receivables	9	1,490	1,244	–	–
Other receivables and prepayments	10	2,745	3,849	–	–
Prepaid lease premium	11	355	357	–	–
Properties under development	12	35,842	15,278	–	–
Inventories	13	17,108	19,866	–	–
Total current assets		85,572	82,715	164	204
Non-current assets					
Prepaid lease premium	11	14,538	14,891	–	–
Property, plant and equipment	14	19,492	18,065	–	–
Properties under development	12	21,224	24,434	–	–
Subsidiaries	15	–	–	131,406	131,406
Intangible asset	16	344	400	–	–
Total non-current assets		55,598	57,790	131,406	131,406
Total assets		141,170	140,505	131,570	131,610
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	17	15,106	11,397	–	–
Other payables and accruals	18	6,065	4,541	4,455	2,804
Income tax payable		1,236	1,236	–	–
Total current liabilities		22,407	17,174	4,455	2,804
Capital and reserve					
Share capital	19	162,713	162,713	162,713	162,713
Accumulated losses		(43,950)	(39,382)	(35,598)	(33,907)
Net equity		118,763	123,331	127,115	128,806
Total liabilities and equity		141,170	140,505	131,570	131,610

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

Year ended December 31, 2015

	Note	Group 2015 RMB'000	Group 2014 RMB'000
Revenue	20	31,878	10,174
Cost of sales		(29,615)	(10,311)
Gross profit (loss)		2,263	(137)
Other operating income	21	1,367	1,475
Administrative expenses		(7,429)	(9,602)
Selling and distribution cost		(727)	(132)
Loss before income tax	22	(4,526)	(8,396)
Income tax expense	23	(42)	(24)
Loss for the year, representing total comprehensive income for the year, attributable to owners of the Company		(4,568)	(8,420)
Loss per share:			
Basic and diluted loss per share (RMB cents)	24	(7.28)	(13.42)

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2015

	Share capital RMB'000	Statutory reserve * RMB'000	Accumulated losses RMB'000	Total RMB'000
Group				
Balance at January 1, 2014	162,713	–	(30,962)	131,751
Loss for the year, representing total comprehensive income for the year	–	–	(8,420)	(8,420)
Balance at December 31, 2014	162,713	–	(39,382)	123,331
Loss for the year, representing total comprehensive income for the year	–	–	(4,568)	(4,568)
Balance at December 31, 2015	162,713	–	(43,950)	118,763
Company				
Balance at January 1, 2014	162,713	–	(32,271)	130,442
Loss for the year, representing total comprehensive income for the year	–	–	(1,636)	(1,636)
Balance at December 31, 2014	162,713	–	(33,907)	128,806
Loss for the year, representing total comprehensive income for the year	–	–	(1,691)	(1,691)
Balance at December 31, 2015	162,713	–	(35,598)	127,115

** See Note 25 to the financial statements.*

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2015

	Group	
	2015 RMB'000	2014 RMB'000
Operating activities		
Loss before income tax	(4,526)	(8,396)
Adjustments for:		
Depreciation expense	1,640	1,460
Interest income	(1,049)	(1,291)
Amortisation of intangible asset	56	–
Amortisation on prepaid lease premium	355	357
Allowance for doubtful debts	149	–
Bad debts written off	–	370
Allowance for (Reversal of) inventories	671	(331)
Unrealised exchange loss	5	4
Operating cash flows before movements in working capital	(2,699)	(7,827)
Trade receivables	(395)	10,842
Inventories	2,087	(13,214)
Other receivables and prepayments	1,104	5,657
Properties under development	(17,354)	(16,311)
Trade payables	3,709	9,810
Other payables and accruals	(172)	(725)
Cash used in operations	(13,720)	(11,768)
Interest received	1,049	1,291
Income tax paid	(42)	(34)
Net cash used in operating activities	(12,713)	(10,511)
Investing activities		
Decrease (Increase) in structured deposits	33,830	(33,830)
Purchase of property, plant and equipment	(3,067)	(2,550)
Purchase of intangible asset	–	(400)
Net cash from (used in) investing activities	30,763	(36,780)
Financing activities		
Repayment of bank loans	–	(3,137)
Grant received from government (Note 11)	–	51
Receipt of advances from a director	1,696	1,626
Repayment of advances from a non-related party	–	(1,346)
Net cash from (used in) financing activities	1,696	(2,806)
Net increase (decrease) in cash and cash equivalents	19,746	(50,097)
Cash and cash equivalents at beginning of year	8,291	58,392
Effect of exchange rate changes on the balance of cash held in foreign currencies	(5)	(4)
Cash and cash equivalents at end of year	28,032	8,291

See accompanying notes to financial statements.

1 GENERAL

The Company (Registration No. 200613997H) is incorporated in the Republic of Singapore with its principal place of business at 10 Ang Mo Kio Street 65, #06-10, Singapore 569059 and registered office at 6 Battery Road, #10-01, Singapore 049909. The Company is listed on the main board of the Singapore Exchange Securities Trading Limited. The consolidated financial statements are expressed in Chinese Renminbi ("RMB").

The principal activity of the Company is to carry on the business of an investment holding company.

The principal activity of the subsidiaries is disclosed in Note 15 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 28, 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 in the accounting policies 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 Payments*, 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 the 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 FRSs, INT FRSs and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- FRS 109 *Financial Instruments*
- FRS 115 *Revenue from Contracts with Customers*
- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*
- Amendments to FRS 27 *Separate Financial Statements: Equity Method in Separate Financial Statements*
- Improvements to Financial Reporting Standards (November 2014)

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

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

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which 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. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

FRS 115 will take effect from financial years beginning on or after January 1, 2018 with early application permitted. The Group and the Company are currently evaluating the potential impact of the application in the period of initial adoption.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced 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:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have 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 collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

- 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 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 the 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. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

FRS 109 will take effect from financial years beginning on or after January 1, 2018 with early application permitted. The Group and the Company are evaluating the potential impact of the application in the period of initial adoption.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative (cont'd)*

- 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.

Amendments to FRS 1 will take effect from financial years beginning on or after January 1, 2016. Management is currently evaluating the potential impact of the above amendments to FRS 1 on the consolidated financial statements of the Group.

Amendments to FRS 27 *Separate Financial Statements: Equity Method in Separate Financial Statements*

FRS 27 requires an entity to account for its investments in subsidiaries, joint ventures and associates either at cost or in accordance with FRS 39 (or FRS 109 when effective). The amendments allow an additional option for an entity to account for these investees in its separate financial statements using the equity method as described in FRS 28.

The accounting option must be applied by category of investments.

Amendments to FRS 27 will take effect from financial years beginning on or after January 1, 2016. The Company is currently evaluating the potential impact of the above amendments to FRS 27 in the period of initial adoption.

Improvements to Financial Reporting Standards (November 2014)

Standards included in this cycle of improvement project comprised the following. Amendments apply for annual periods beginning on or after January 1, 2016, unless otherwise stated.

Standard	Topic	Key amendment
FRS 19 *Employee Benefits*	Discount rate: regional market issue	Clarifies that the depth of the market for high quality corporate bonds used in estimating the discount rate for post-employment benefits should be assessed at the currency level instead of at country level.

The Group is currently evaluating the potential impact of the above Improvements to Financial Reporting Standards (November 2014).

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

In the Company's separate financial statements, investments in subsidiaries are 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 acquire, 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 (see below). 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 being recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

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.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

FINANCIAL INSTRUMENT - 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.

<u>Effective interest method</u>

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 are recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling in the near future; or
- On initial recognition, it is part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and FRS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets, including structured deposits, at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in 'other gains and losses' line in the statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in Note 4.

Loan and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loan and receivables". Loan and receivables (including trade and other receivables and bank balances and cash) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 where 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.

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 60 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.

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

For financial assets measured at amortised costs, 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 loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent 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 risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset 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 collaterialised borrowing for the proceeds received.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

Derecognition of financial liabilities

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

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position 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 bankruptcy.

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. Costs comprise 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Construction-in-progress is carried at cost, which consists of construction costs incurred during the period of construction, less accumulated impairment losses. No depreciation is provided on construction-in-progress until the construction is completed and the properties and assets are ready for their intended use.

Depreciation is charged so as to write off the cost of property, plant and equipment, other than construction-in-progress, over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold buildings	-	30 years
Plant and machinery	-	12 years
Office equipment	-	5 years to 10 years
Motor vehicles	-	5 years

Fully depreciated property, plant and equipment still in use are retained in the financial statements.

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

INTANGIBLE ASSETS - Intangible assets acquired separately are reported at cost less accumulated amortisation (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 Group's accounting policy.

PREPAID LEASE PREMIUM - Prepaid lease premium pertains to the prepayment of land rental for the total land rental period. Prepaid lease premium is measured at the total land rental cost less amortisation and any accumulated impairment loss and is charged to profit or loss on a straight-line basis over their land rental period.

RESEARCH EXPENDITURE – Expenditure on research activities is recognised as an expense in the period in which it is incurred.

PROPERTIES UNDER DEVELOPMENT - Properties under development are stated at cost, which includes cost of land and construction, related overhead expenditure and financing charges and other net costs incurred during the period of development. The interest rates applied to funds for the development are based on the actual interest payable on the borrowings for such development.

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

Revenue and costs are recognised based on the completion of construction method when the transfer of significant risks and rewards of ownership coincides with the time when the property is completed and ready for hand over.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS - At 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. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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 profit or loss.

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 profit or loss.

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.

STATUTORY RESERVE - Statutory reserve represents the amount transferred from profit after tax of the subsidiaries incorporated in the People's Republic of China (the "PRC") in accordance with the PRC requirement. The statutory reserve cannot be reduced except where approval is obtained from the relevant PRC authority to apply the amount either in setting off the accumulated losses or increasing capital.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 profit or loss in the period in which they become receivable.

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.

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 Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income

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

RETIREMENT BENEFIT COSTS - Pursuant to the relevant regulations of the PRC government, the PRC subsidiaries of the Group ("PRC subsidiaries") have participated in central pension schemes ("the Schemes") operated by local municipal government whereby the PRC subsidiaries are required to contribute a certain percentage of the basic salaries of their employees to the Schemes to fund their retirement benefits. The local municipal governments undertake to assume the retirement benefit obligations of all existing and future retired employees of the PRC subsidiaries. The only obligation of the PRC subsidiaries with respect to the Schemes is to pay the ongoing required contributions under the Schemes mentioned above. The PRC government is responsible for the pension liability to these retired staff. Contributions under the Schemes are charged as an expense as incurred.

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 Central 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 reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 consolidated 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 its subsidiaries operate by the end of reporting period.

Deferred tax is recognised on 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 for taxable temporary differences arising on investment in subsidiary, 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 reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 of the Company are presented in 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 rates 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 at the end of 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.

CASH AND CASH EQUIVALENTS IN STATEMENT OF CASH FLOWS - Cash and cash equivalents in the statement of cash flows comprise cash at bank that is subject to an insignificant risk of changes in value and is readily convertible to a known amount of cash.

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.

Critical judgements in applying the entity's accounting policies

There are no critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements

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

Key sources of estimation uncertainty

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

(i) Allowances for recovery of debts

The assessment for recovery of debts of the Group is based on the evaluation of collectability and aging analysis of outstanding debts and on management's estimates of recoverability of these debts. A considerable amount of estimates is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of debtors of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amount of trade and other receivables is disclosed in Notes 9 and 10 to the financial statements respectively.

(ii) Allowances for inventories

In determining the net realisable value of the Group's inventories, an estimation of the recoverable amount of inventories on hand is performed based on the most reliable evidence available at the time the estimates are made. This represents the value of the inventories which are expected to realise as estimated by management. These estimates take into consideration the fluctuations of price or cost, or any inventories on hand that may not be realised, directly relating to events occurring during or after the end of the period to the extent that such events confirm conditions existing at the end of the year.

Management performed an analysis and assessment of raw materials, work in progress, and finished goods as at end of financial year and has identified certain inventory items that may be realised at below cost. Accordingly, management has written down the carrying value of inventory by RMB671,000 (2014: RMBNil). The carrying amount of inventories is disclosed in Note 13 to the financial statements.

(iii) Impairment of property, plant and equipment

Determining whether property, plant and equipment are impaired requires an estimation of the value in use of these property, plant and equipment. The value in use calculation requires the Group to estimate the future cash flows expected from the cash-generating unit and an appropriate discount rate in order to calculate the present value of the future cash flows.

The Group prepares cash flow forecasts derived from the most recent financial forecasts approved by management for the next five years with the following key assumptions:

- Revenue growth rate: 5% from 2016 to 2020 (2014 : 5% from 2015 to 2019) and 1% (2014 : 1%) as the long term growth rate from 2021 (2014 : 2020) onwards;
- Discounted rate: 10% (2014 : 9%); and
- Annual capital expenditure of RMB1,200,000 (2014 : RMB350,000).

Management has evaluated the carrying amount of property, plant and equipment based on such estimates and is confident that no allowance for impairment is necessary. The carrying amount of property, plant and equipment is disclosed in Note 14 to the financial statements.

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

Key sources of estimation uncertainty (cont'd)

(iv) Impairment of investment in subsidiaries

Management has carried out a review of the recoverable amount of the investment in subsidiaries, having regard to the existing performance of the subsidiaries and the carrying value of the net assets in these subsidiaries and is confident that no allowance for impairment is necessary. The carrying amount of investments in subsidiaries at the end of reporting period is disclosed in Note 15 to the financial statements.

(v) Impairment of costs incurred for properties under development

Determining whether costs incurred for properties under development are impaired requires an estimation of the recoverable amount of these properties under development. Management has evaluated the recoverability of those costs incurred, including the deposit placed for land costs, based on estimated recoverable amount of these properties under development and is confident that no allowance for impairment is necessary. The carrying amount of costs incurred for properties under development at the end of reporting period is disclosed in Note 12 to the financial statements.

4 FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

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

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	30,218	10,747	164	204
Structured deposits	–	33,830	–	–
Financial liabilities				
Payables at amortised cost	19,078	15,938	4,455	2,804

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

(b) *Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements*

Group

The Group does not have any financial instruments which are subject to offsetting, enforceable master netting arrangements or similar netting agreements in 2015.

2014

Financial assets

Type of financial asset	(a) Gross amounts of recognised financial asset	(b) Gross amounts of recognised financial liabilities set off in the statement of financial position	(c) = (a) – (b) Net amounts of financial assets presented in the statement of financial position
	RMB'000	RMB'000	RMB'000
Other receivables	2,657	(1,657)	1,000
Total	2,657	(1,657)	1,000

Financial liabilities

Type of financial liability	(a) Gross amounts of recognised financial liabilities	(b) Gross amounts of recognised financial assets set off in the statement of financial position	(c) = (a) – (b) Net amounts of financial liabilities presented in the statement of financial position
	$	$	$
Trade payables	2,111	(1,657)	454
Total	2,111	(1,657)	454

In reconciling the 'Net amounts of financial assets and financial liabilities presented in the statement of financial position' to the line item amounts presented in the statement of financial position, the above amounts represent only those which are subject to offsetting, enforceable master netting arrangements and similar agreements. The residual amounts relate to those that are not in scope of the offsetting disclosures.

Company

The Company does not have any financial instruments which are subject to offsetting, enforceable master netting arrangements or similar netting agreements in 2015 and 2014.

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

(c) *Financial risk management policies and objectives*

The Group's overall risk management policy seeks to minimise potential adverse effects on its financial performance.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign exchange risk management

The Group transacts business in RMB, SGD and USD and therefore is exposed to foreign exchange risk. The Group does not enter into derivative foreign exchange contracts and foreign currency borrowings to hedge its foreign exchange risk.

At the reporting date, the net position of the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

	2015		2014	
	SGD	USD	SGD	USD
	RMB'000	RMB'000	RMB'000	RMB'000
Group				
Cash and bank balances	101	112	147	105
Other payables and accruals	(4,409)	–	(2,767)	–
Company				
Cash and bank balances	52	111	98	105
Other payables and accruals	(4,419)	–	(2,743)	–

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase in the relevant foreign currencies against the functional currency of each group entity. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates.

A positive number below indicates a decrease in loss when the relevant foreign currencies strengthen 10% against the functional currency of each group entity. For a 10% weakening of the relevant foreign currencies against the functional currency of each Group entity, there would be an equal and opposite impact on the profit or loss.

	SGD		USD	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Profit or loss				
Group	(431)	(262)	11	11
Company	(437)	(264)	11	11

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

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

(ii) Interest rate risk management

The Group does not have significant exposure to interest rate risk as there is no significant interest bearing financial assets and liabilities. Accordingly, no sensitivity analysis is prepared.

(iii) Credit risk management

The Group's credit risk is attributable to its trade and other receivables. The credit risk on liquid funds is limited because management reviews the recoverable amount of trade receivables at end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

The Group is exposed to significant concentration of credit risk. The five largest customers accounted for approximately 86% (2014 : 93%) of the Group's total trade receivables as at December 31, 2015. Apart from delegating a team for determining the credit limits, credit approvals and other monitoring procedures on customers, the Group had also explored new markets and new customers in order to minimise the concentration of credit risk.

With respect to credit risk arising from the other financial assets of the Group which mainly comprise bank balances, the Group's exposure to credit risk arising from default of counterparties is limited as the counterparties have good credit standing and the Group does not expect any significant loss for uncollected advances/deposits from these entities.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk.

(iv) Liquidity risk management

The Group maintains sufficient cash and cash equivalents, and both internally and externally generated cash flows to finance its activities. 99.2% (2014 : 97.0%) of the Group's cash are in the PRC. The remittance of funds out of the PRC is subject to restrictions imposed by State Administration of Foreign Exchange of China in PRC.

As at December 31, 2015, the Company's current liabilities exceed its current assets by RMB4,291,000 (2014: RMB2,600,000). Management is of the view that the Company's exposure to liquidity risk is minimal as financial support from a director would be available to the Company as and when required.

Liquidity and interest risk analyses

Non-derivative financial liabilities and assets

As at the end of the reporting periods, the Group's and the Company's non-derivative financial liabilities and non-derivative financial assets are unsecured and repayable on demand.

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

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

(v) Fair value of financial assets and financial liabilities

The Group determines fair values of various financial assets and financial liabilities in the following manner:

Fair value of the Group's financial assets that are measured at fair value on recurring basis

Group

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ financial liabilities	Fair value as at (RMB'000)				Fair value hierarchy	Valuation technique(s) and key input(s)
	2015		2014			
	Assets	Liabilities	Assets	Liabilities		
Financial assets at fair value through profit or loss (see Note 8)						
Structured deposits	–	–	33,830	–	Level 2	Discounted cash flow. Future cash flows are estimated based on the expected return over the principal of the structured deposit, discounted at a rate that reflects the credit risk of underlying assets of the structured deposit being PRC government bonds and treasury notes.

Management considers that the carrying amounts of cash and cash equivalents, trade and other receivables, trade payables, other payables and accruals approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

Company

The company had no financial assets or liabilities carried at fair value in 2014 and 2015.

There were no transfers between the different levels of the fair value hierarchy in 2014 and 2015.

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

(d) *Capital 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.

The capital structure of the Group consists of equity attributable to equity holders of the Company, comprising issued capital net of accumulated losses.

The Group reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues or share buy-backs.

The Group is not subject to any eternally imposed capital requirements.

The Group's overall strategy remains unchanged from prior year.

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The Company is a subsidiary of Suntar Investment Pte Ltd, incorporated in the Republic of Singapore. The intermediate holding company is Sinomem Technology Pte Ltd, also incorporated in the Republic of Singapore. The Company's ultimate holding company is Clean Water Investment Limited, incorporated in the Cayman Islands. As at the end of the reporting periods, the Company is deemed to be ultimately controlled by Dr Lan Weiguang and his spouse, Ms Chen Ni. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

Some of the transactions and arrangements are between members of the group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand and expected to be settled in cash, unless otherwise stated.

6 RELATED PARTY TRANSACTIONS

Some of the transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand and expected to be settled in cash, unless otherwise stated.

Compensation of directors and key management personnel

The remuneration of directors and other members of key management are as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
Short-term benefits	1,019	1,260
Post-employment benefits	38	60
	1,057	1,320

7 CASH AND CASH EQUIVALENTS

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank	28,032	8,291	164	204

8 STRUCTURED DEPOSITS

	Group	
	2015	2014
	RMB'000	RMB'000
Structured deposits with banks	–	33,830

In 2014, the Group entered into contracts of structured deposits with banks. Structured deposit amounting to RMB14,781,000 was principal guaranteed, for contract period of 62 days and with a return up to a maximum of 4.3% per annum. Other structured deposits aggregating RMB19,049,000 were not principal guaranteed by the relevant banks and their return was determined by reference to the performance of certain government bonds and treasury notes. The maximum return rates stated in the contracts, if the underlying bonds and treasury notes perform well, ranged from 4.3% to 4.7% per annum and, if the underlying bonds and treasury notes perform below expectation, the Group may not fully recover the principal sum placed. The period of the contracts ranged from 16 days to 62 days. Management was of the view that the carrying amounts of the structured deposits approximate fair value due to the short maturity period of the deposits. The entire contract was designated as financial asset at FVTPL on initial recognition.

There is no such financial asset as at December 31, 2015.

9 TRADE RECEIVABLES

	Group	
	2015	2014
	RMB'000	RMB'000
Outside parties	1,515	1,044
Allowance for doubtful debts	(149)	–
	1,366	1,044
Notes receivable	124	200
Total	1,490	1,244

Movement in the allowance for doubtful debts

Increase in allowance recognised in profit and loss and balance at end of year	149	–

The average credit period on sale of goods is 60 days (2014 : 60 days). No interest is charged on the trade receivables on the outstanding balance.

9 TRADE RECEIVABLES (cont'd)

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

	Group 2015 RMB'000	Group 2014 RMB'000
Not past due and not impaired	213	1,176
Past due but not impaired:		
2 months to 6 months	1,277	–
6 months to 12 months	–	–
12 months to 24 months	–	68
	1,490	1,244
Impaired receivables – collectively assessed (i)	149	–
Less: Allowance for impairment	(149)	–
	–	–
Total trade receivables, net	1,490	1,244

(i) These amounts are stated before any deduction for impairment losses.

Before accepting any new customer, the Group will assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed periodically.

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 trade receivables which are neither past due nor impaired are assessed to be recoverable as there has not been a significant change in credit quality. The concentration of credit risk is disclosed in Note 4(c)(iii) to the financial statements.

Included in the Group's trade receivable balance are debtors with a carrying amount of RMB1,277,000 (2014 : RMB68,000) which are past due at the end of reporting period for which the Group has not made any provision as there has not been a significant change in the credit quality and the amounts are still considered receivable. Subsequent to year end, the trade receivables which are not impaired but past due for 2 months to 6 months (2014: more than 12 months) have been collected. The Group does not hold any collateral over these balances.

At the end of reporting period, management considers all trade receivables as recoverable and hence no further credit allowances required in excess of the allowance for doubtful debts.

10 OTHER RECEIVABLES AND PREPAYMENTS

	Group 2015 RMB'000	Group 2014 RMB'000
Receivable for sale of technology know-how	–	1,000
Prepayments	16	–
Advances to suppliers	1,447	1,326
Advances to staffs	346	9
Value added tax recoverable	586	1,311
Others	350	203
Total	2,745	3,849

10 OTHER RECEIVABLES AND PREPAYMENTS (cont'd)

The advances to suppliers and staffs are interest free, unsecured and repayable on demand.

Receivable for sale of technology know-how was interest free, unsecured and was settled during the year via payment and offsetting against outstanding liabilities.

11 PREPAID LEASE PREMIUM

	Group	
	2015 RMB'000	2014 RMB'000
Cost:		
At beginning of year	17,379	17,430
Grant received from government	–	(51)
At end of year	17,379	17,379
Accumulated amortisation:		
At beginning of year	2,131	1,774
Amortisation	355	357
At end of year	2,486	2,131
Carrying amount:		
At end of year	14,893	15,248
Presented in the Statement of Financial Position:		
Current asset	355	357
Non-current asset	14,538	14,891
Total	14,893	15,248

Prepaid lease premium represents lease premium for the land and are released to consolidated profit or loss over the term of relevant rights of approximately fifty years as stated in the land use rights certificate granted for usage to the Group.

The amortisation expense has been included in the line item "administrative expenses" in profit or loss.

12 PROPERTIES UNDER DEVELOPMENT

	Group	
	2015 RMB'000	2014 RMB'000
Deposit placed for land costs	18,000	20,000
Land use rights	12,950	12,950
Development costs	26,116	6,762
Total	57,066	39,712
Presented in the Statement of Financial Position:		
Current asset	35,842	15,278
Non-current asset	21,224	24,434
Total	57,066	39,712

12 PROPERTIES UNDER DEVELOPMENT (cont'd)

Suntar Eco-City

In 2011, the Group had entered into a conditional tourism management agreement with the government authorities of Wuping County (the "Tourism Management Agreement") and had also entered into a supplemental agreement to amend certain terms and conditions of the Tourism Management Agreement (the "Supplemental Agreement").

In 2011, the Company paid a deposit of RMB23 million to the Wuping Authorities for the acquisition of land use rights in connection with the Tourism Management Agreement, which may be refunded to the Company if the Company fails to obtain the land use rights eventually.

In 2012, the Group paid an additional RMB2 million to the government authorities of Wuping County as specified in the revised agreement. In 2013, the Group received a refund of RMB5 million from the government authorities of Wuping County for the deposit placed for the land.

During the year, the Group received refund of the deposit of RMB2 million from the government authorities of Wuping Country as there has been a change in government's plans for the use of a part of the land.

Residential project

In 2014, the Group paid RMB12.95 million to the government authorities of Wuping County for the acquisition of land use rights in connection with a new residential and commercial property development. The Group has obtained the certificate for land use rights, and relevant licenses for the commencement of the development in 2014.

During the year, the Group has obtained the pre-sale certificate for the residential and commercial property and has also commenced its selling of the project. The project is not funded from any external bank financing.

Particulars of the properties under development are set out below:

Description	Location	Approximate saleable area (Sq. metres)	Approximate percentage of completion (%)	Estimated date of completion	Tenure	Site area (Sq. metres)
Suntar Eco-City	Xiatong	*	*	*	*	*
Lan County (Residential project)	Pingchun Chengnan	9,213	88%	August 2016	Leasehold (70 years from May 29, 2014)	3,810

* Development plan has not been finalised.

13 INVENTORIES

	Group	
	2015	2014
	RMB'000	RMB'000
Work in progress	11,309	15,113
Less: Allowance for inventories	(671)	–
Subtotal	10,638	15,113
Raw materials	1,866	2,855
Finished goods	4,604	1,898
Total	17,108	19,866

The cost of inventories recognised as an expense includes RMB671,000 (2014 : RMBNil) in respect of write-down of inventories to net realisable value, and has been reduced by RMBNil (2014 : RMB331,000) in respect of the reversal of such write-downs. In 2014, the write-downs of RMB331,000 was reversed as a result of the inventories being sold.

14 PROPERTY, PLANT AND EQUIPMENT

	Leasehold buildings RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Construction-in-progress RMB'000	Total RMB'000
Group						
Cost:						
At January 1, 2014	10,312	12,849	290	272	1,630	25,353
Additions	290	804	230	534	692	2,550
Reclassification	40	2,282	–	–	(2,322)	–
At December 31, 2014	10,642	15,935	520	806	–	27,903
Additions	9	1,136	80	–	1,842	3,067
At December 31, 2015	10,651	17,071	600	806	1,842	30,970
Accumulated depreciation:						
At January 1, 2014	1,710	6,202	194	272	–	8,378
Depreciation	309	1,093	28	30	–	1,460
At December 31, 2014	2,019	7,295	222	302	–	9,838
Depreciation	362	1,137	111	30	–	1,640
At December 31, 2015	2,381	8,432	333	332	–	11,478
Carrying amount:						
At December 31, 2015	8,270	8,639	267	474	1,842	19,492
At December 31, 2014	8,623	8,640	298	504	–	18,065

15 SUBSIDIARIES

	Company 2015 RMB'000	Company 2014 RMB'000
Unquoted equity shares, at cost	51,614	51,614
Amount due from a subsidiary	79,792	79,792
Total	131,406	131,406

Amount due from a subsidiary is deemed as part of the investment in subsidiary as there is no contractual obligation for repayment by the subsidiary except upon liquidation.

Details of the Company's subsidiaries as at the end of the reporting periods are as follows:

Name of subsidiaries	Country of registration and operation	Effective equity interest and voting power held 2015 %	Effective equity interest and voting power held 2014 %	Principal activity
Held by the Company				
China Green Eco–Holdings Pte Ltd (1)	Singapore	100	100	Investment holding company
Xi'an Reyphon Pharmaceutical Co., Ltd (2)	PRC	100	100	Manufacture and sale of hormone–type pharmaceutical products
Held by a subsidiary				
Wuping Suntar Eco–city Development Co., Ltd (2)	PRC	100	100	Eco–tourism development
Wuping Lan County Real Estate Development Co., Ltd (2)	PRC	100	100	Property development
Xiamen DaLan Technology Co., Ltd (3)	PRC	100 #	–	Medical research and development,sale of healthcare products and investment consulting

Incorporated during the year.

Notes on auditors

(1) Audited by Deloitte & Touche LLP, Singapore.

(2) Audited by member firms of Deloitte Touche Tohmatsu Limited for consolidation purpose.

(3) No audit is required.

16 INTANGIBLE ASSET

	Group	
	2015 RMB'000	2014 RMB'000
Cost		
At January 1	400	–
Additions	–	400
At December 31	400	400
Accumulated amortisation		
At January 1	–	–
Additions	56	–
At December 31	56	–
Carrying amount		
At December 31	344	400

The Group acquired a technology for production of new pharmaceutical products, amounting to RMB400,000 on December 31, 2014. The intangible asset is amortised over the estimated useful life of 8 years.

17 TRADE PAYABLES

	Group	
	2015 RMB'000	2014 RMB'000
Outside parties	13,013	11,397
Advance payment from customers	2,093	–
	15,106	11,397

The average credit period on purchases of goods is 60 days (2014 : 60 days).

18 OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Accrued expenses	1,702	1,594	1,100	1,118
Advances from a director	3,322	1,626	3,322	1,626
Outside parties	1,041	1,321		–
Related company (Note 5)	–	–	33	60
Total	6,065	4,541	4,455	2,804

The advances from a director are unsecured, interest-free and repayable on demand.

19 SHARE CAPITAL

	Group and Company			
	2015	2014	2015	2014
	Number of ordinary shares		RMB'000	RMB'000
Issued and paid up:				
At beginning of the year	313,800,000	313,800,000	162,713	162,713
Share consolidation *	(251,040,001)	–	–	–
At end of year	62,759,999	313,800,000	162,713	162,713

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

* Following the shareholders' approval obtained at an extraordinary general meeting on November 13, 2015, the Company had consolidated its five existing issued ordinary shares into one ordinary share with effect from November 24, 2015.

20 REVENUE

This comprises revenue from sale of goods, net of discounts and returns from operations.

21 OTHER OPERATING INCOME

	Group	
	2015	2014
	RMB'000	RMB'000
Bank interest income	1,049	1,291
Others	318	184
Total	1,367	1,475

22 LOSS BEFORE INCOME TAX

This has been arrived at after charging (crediting):

	Group	
	2015	2014
	RMB'000	RMB'000
Allowance for doubtful debts	149	–
Amortisation of intangible assets	56	–
Amortisation on prepaid lease premium	355	357
Bad debts written off	–	370
Audit fee		
- paid to the Company's auditor	428	425
- paid to other auditor	300	285
Cost of inventories recognised as an expense	29,615	10,311
Depreciation of property, plant and equipment	1,640	1,460
Directors' fees	253	268
Foreign exchange gain	(14)	(1,092)
Research expenses	587	1,608
Retirement benefit scheme contributions	533	405
Staff costs	3,308	4,421

23 INCOME TAX EXPENSE

	Group	
	2015	2014
	RMB'000	RMB'000
Current tax	42	24

Income tax is calculated by applying the PRC statutory tax rate at 25% (2014 : 25%) of the estimated assessable loss for the year. The total charge for the year can be reconciled to the accounting loss as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
Loss before income tax	(4,526)	(8,396)
Income tax benefit at tax rate of 25%	(1,132)	(2,099)
Non-deductible items	534	110
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	640	2,013
Total income tax expense	42	24

23 INCOME TAX EXPENSE (cont'd)

The Group has tax losses carry forward available for offsetting against future taxable income as follows:

	Group	
	2015 RMB'000	2014 RMB'000
At beginning of year	9,451	1,400
Arising	2,560	8,051
Expired	(414)	–
At end of year	11,597	9,451
Deferred tax benefit not recognised	2,899	2,363

Subject to the agreement by the tax authorities, at the end of reporting period, the Group has unutilised tax losses of RMB11,597,000 (2014 : RMB9,451,000) available for offset against future profits that has expiry dates of up to 2021. No deferred tax asset has been recognised in respect of tax losses due to unpredictability of future profit streams.

24 LOSS PER SHARE

	Group	
	2015	2014 (Restated)
Loss:		
Loss attributable to equity holders of the Company (RMB'000)	(4,568)	(8,420)
Number of shares:		
Weighted average number of ordinary shares ('000)	62,760	62,760
Loss per share (RMB cents)	(7.28)	(13.42)

On November 24, 2015, the Company completed a share consolidation of every five existing issued ordinary shares of the Company into one ordinary share. The weighted average number of shares used for the calculation of earnings per share for the comparative period had been adjusted for the effects of the share consolidation.

There is no dilution as no share options were granted during the financial year or outstanding as at the end of the reporting period.

25 STATUTORY RESERVE

According to the Articles of Association of the PRC subsidiaries, it requires the appropriation of 10% of its profit after tax each year, as shown in the PRC statutory financial statements which are prepared in accordance with the accounting principles generally accepted in the PRC, to the statutory reserve until the balance reaches 50% of the registered share capital. According to the provision of the Articles of Association, in normal circumstances, the statutory reserve shall only be used for making up losses, capitalisation into share capital and expansion of the production and operation of the subsidiary.

There was no transfer to statutory reserve as at the end of the reporting periods.

26 SEGMENT INFORMATION

The Group determines its operating segments based on internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

The Group is organised into business units based on their products and services, based on which information is prepared and reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of performance.

For management purposes, the Group is organised into two segments – "pharmaceutical ingredients products" and "property development". These segments are the basis on which the Group reports its segment information.

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

As the property development segment, as disclosed in Note 12, has not completed any property development, the Group's revenue and loss for the year are mainly from the pharmaceutical ingredients products segment, which is the manufacturing and sale of hormone-type pharmaceutical products.

As the Group's main assets and revenue are in People's Republic of China, accordingly, no geographical segment information is presented.

	Pharmaceutical ingredients products RMB'000	Property development RMB'000	Unallocated RMB'000	Total RMB'000
Statement of Financial Position				
2015				
Assets:				
Segment assets	55,707	84,253	–	139,960
Unallocated assets			1,210	1,210
Total assets				141,170
Liabilities:				
Segment liabilities	10,842	6,887	–	17,729
Unallocated liabilities			4,678	4,678
Total liabilities				22,407

26 SEGMENT INFORMATION (cont'd)

	Pharmaceutical ingredients products RMB'000	Property development RMB'000	Unallocated RMB'000	Total RMB'000
Statement of Financial Position				
2014				
Assets:				
Segment assets	60,442	79,811	–	140,253
Unallocated assets			252	252
Total assets				140,505
Liabilities:				
Segment liabilities	12,913	1,263	–	14,176
Unallocated liabilities			2,998	2,998
Total liabilities				17,174

Information about major customers

The Group's revenue derived from customers who individually account for 10% or more of the Group's revenue is detailed below:

	2015 RMB'000	2014 RMB'000
Customer A	12,229	3,910
Customer B	7,268	3,282
Customer C	4,355	1,286

27 OPERATING LEASE ARRANGEMENTS

	Group	
	2015 RMB'000	2014 RMB'000
Minimum lease payments under operating leases recognised as an expense in the year	63	5

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

	Group	
	2015 RMB'000	2014 RMB'000
Within a year	10	55

Operating lease payments represented rentals payable by the Group for its office premises and advertisement board. Lease is negotiated for a term of a year with fixed monthly rental.

STATISTICS OF SHAREHOLDINGS

As at March 18, 2016

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	294	45.16	169,199	0.27
1,001 – 10,000	261	40.09	1,105,800	1.76
10,001 – 1,000,000	92	14.13	6,716,600	10.70
1,000,001 and above	4	0.62	54,768,400	87.27
TOTAL	651	100.00	62,759,999	100.00

TWENTY LARGEST SHAREHOLDERS

	NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
1	SUNTAR INVESTMENT PTE LTD	47,213,600	75.23
2	CIMB SECURITIES (SINGAPORE) PTE LTD	2,876,000	4.58
3	UOB KAY HIAN PTE LTD	2,672,400	4.26
4	PHILLIP SECURITIES PTE LTD	2,006,400	3.20
5	CHENG YE	612,000	0.98
6	LIU TIANRONG	400,600	0.64
7	YE JIAHONG	342,000	0.54
8	WAN HUAYIN	268,000	0.43
9	RAFFLES NOMINEES (PTE) LTD	266,000	0.42
10	LIAO LIANGDONG	263,200	0.42
11	HOE JUAN JOK	230,000	0.37
12	LEE LENG KEONG	221,000	0.35
13	CHONG PAULINE MRS PAULINE BASS	198,800	0.32
14	TANG JIA JING	174,200	0.28
15	CHEN YAN FENG	170,000	0.27
16	LIU XINHONG	167,000	0.27
17	MAYBANK NOMINEES (SINGAPORE) PTE LTD	160,000	0.25
18	ZOU XIN	140,000	0.22
19	ZHONG WENDE	138,000	0.22
20	UNITED OVERSEAS BANK NOMINEES PTE LTD	132,600	0.21
	TOTAL	58,651,800	93.46

STATISTICS OF SHAREHOLDINGS

As at March 18, 2016

Total number of issued shares excluding treasury shares	:	62,759,999
Total number of treasury shares	:	Nil
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 18 March 2016

	No. of Ordinary shares			
Name	Direct Interest	%	Deemed Interest	%
Suntar Investment Pte. Ltd.	47,213,600	75.23	–	–
Sinomem Technology Pte. Ltd.(1)	–	–	47,213,600	75.23
CDH Water Limited(2)	–	–	47,213,600	75.23
Dr Lan Weiguang	63,800	0.10	47,213,600	75.23

Notes:

1. Sinomem Technology Pte. Ltd. ("Sinomem"), which holds approximately 20% of the issued share capital of Suntar Investment Pte. Ltd. ("Suntar Investment"), is deemed to be interested in the shares held by Suntar Investment.

   Clean Water Investment Limited, holds the entire issued share capital of Sinomem which is the majority shareholder of Suntar Investment, is deemed to be interested in the shares held by Suntar Investment.

   Dr Lan Weiguang holds not less than 20% interests in Clean Water Investment Limited, which in turns hold 100% of the issued share capital of Sinomem, is deemed to be interested in the shares held by Suntar Investment.

2. CDH Water Limited ("CDH Water") holds not less than 20% of the entire issued share capital of Suntar Investments Pte. Ltd. and therefore is deemed to be interested in the Shares held by Suntar Investment.

   CDH Fund IV, L.P. ("CDH Fund IV") holds the entire issued share capital of CDH Water and therefore is deemed to be interested in the shares held by Suntar Investment.

   CDH IV Holdings Company Limited ("CDH IV Holdings") is the general partner of CDH Fund IV and therefore is deemed to be interested in the shares held by Suntar Investment.

   China Diamond Holdings IV, L.P. ("China Diamond Holdings IV") holds 80% of the issued share capital of CDH IV Holdings and therefore is deemed to be interested in the shares held by Suntar Investment.

   China Diamond Holdings Company Limited ("China Diamond HCL") is the general partner of China Diamond Holdings IV and therefore is deemed to be interested in the shares held by Suntar Investment.

   Mr Jiao Shuge ("Mr Jiao") holds the entire issued share capital of Active Star Capital Limited ("Active Star") and is therefore indirectly interested in the shares held by Active Star in China Diamond HCL. The trustee of Orange Bloom, DBS Bank, acts in accordance with the directions, instructions or wishes of Mr Jiao in relation to Orange Bloom therefore Mr Jiao is regarded as an associate of Orange Bloom. Collectively, Active Star and Orange Bloom, and in turn Mr Jiao, hold 28.78% of the issued share capital of China Diamond HCL. Mr Jiao holds more than 20% of the issued share capital of China Diamond HCL and therefore is deemed to be interested in the shares held by Suntar Investment.

   Dr Wu Shangzhi ("Dr Wu") holds the entire issued share capital of West Oak Company Limited ("West Oak") and is therefore indirectly interested in the shares held by West Oak in China Diamond HCL. The trustee of Forrest Circle, DBS Bank, acts in accordance with the directions, instructions or wishes of Dr Wu in relation to Forrest Circle, therefore Dr Wu is regarded as an associate of Forrest Circle. Collectively, West Oak and Forrest Circle, and in turn Dr Wu, hold 35.42% of the issued share capital of China Diamond HCL. Dr Wu holds more than 20% of the issued share capital of China Diamond HCL and therefore is deemed to be interested in the shares held by Suntar Investment.

STATISTICS OF SHAREHOLDINGS

As at March 18, 2016

FREE FLOAT

As at 18 March 2016, approximately 24.48% of the Company's total number of issued shares (excluding treasury shares, preference shares and convertible equity securities) of the Company was held in the hands of public.

Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST which requires at least 10% of the total number of issued shares (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed at all times held in the hands of the public.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of SUNTAR ECO-CITY LIMITED (the "Company") will be held at 10 Ang Mo Kio Street 65, #06-10 Techpoint, Singapore 569059, on Thursday, 28 April 2016 at 10:00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Statement of Directors and Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2015 together with the Auditors' Report thereon. (Resolution 1)

2. To re-elect the following Directors of the Company retiring respectively pursuant to Regulations 93 and 99 of the Company's Constitution:

   Mr He Kaijun (Retiring under Regulation 93) (Resolution 2)
   Mr Lan Yihong (Retiring under Regulation 99) (Resolution 3)

   [See Explanatory Note (i)]

3. To approve the payment of Directors' fees of SGD48,001.00 and RMB36,000.00 respectively for the financial year ended 31 December 2015. (2014: SGD48,001.00 and RMB36,000.00 respectively) (Resolution 4)

4. To re-appoint Messrs Deloitte & Touche LLP as the Company's Auditors and to authorise the Directors of the Company to fix their remuneration. (Resolution 5)

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

6. Authority to allot and issue shares up to fifty per centum (50%) of Company's total number of issued shares excluding treasury shares.

   "That, pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to:-

   (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) options, 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 of the Company 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 of the Company 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 the Instruments, made or granted pursuant to this Resolution) shall not exceed fifty per centum (50%) of the Company's total number of issued shares excluding treasury shares (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 shareholders of the Company shall not exceed twenty per centum (20%) of the Company's total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph (2) below). Unless prior shareholder approval is required under the Listing Manual of the SGX-ST, an issue of treasury shares will not require further shareholder approval, and will not be included in the aforementioned limits.

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares excluding treasury shares shall be based on the Company's total number of issued shares excluding treasury shares at the time of the passing of this Resolution, after adjusting for:

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

   (ii) any subsequent bonus issue, 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 Company's Constitution; and

(4) unless revoked or varied by the Company in a general meeting, such authority 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 law to be held, whichever is the earlier."

(Resolution 6)

[See Explanatory Note (ii)]

By Order of the Board

Chew Kok Liang
Company Secretary

Singapore, 13 April 2016

Explanatory Notes:

(i) With the repeal of Section 153 of the Companies Act, Cap. 50 with effect from 3 January 2016, Mr He Kaijun is subject to retirement by rotation under the Company's Constitution upon the expiry of his term as a Director at the forthcoming Annual General Meeting. Mr He Kaijun will, upon the re-election as a Director of the Company, remain as Chairman of the Nominating Committee and Remuneration Committee and a member of Audit Committee and will be considered independent pursuant to Rule 704(8) of the Listing Manual of the SGX-ST.

Mr Lan Yihong will, upon the re-election as a Director of the Company, remain as an Executive Director and Finance Director and will be considered non-independent.

(ii) Ordinary Resolution 6 in item 6 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, to issue shares and convertible securities in the Company. The aggregate number of shares (including any shares issued pursuant to the convertible securities) which the Directors may issue under this Resolution, up to a number not exceeding, in total, fifty per centum (50%) of the Company's total number of issued shares excluding treasury shares. For issues of shares other than on a *pro rata* basis to shareholders, the aggregate number of shares to be issued up to twenty per centum (20%) of Company's total number of issued shares excluding treasury shares. This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. However, notwithstanding the cessation of this authority, the Directors are empowered to issue shares pursuant to any Instrument made or granted under this authority.

Notes:

1. A Member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.

3. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified.)

4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

5. An investor who buys shares using Central Provident Fund Investment Scheme ("CPF Investor") and/or Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting

6. The instrument appointing a proxy or proxies must be deposited at the Share Registrar business office at 80 Robinson Road, #11-02, Singapore 068898, not less than 48 hours before the time appointed for holding the Meeting.

   *A Relevant Intermediary is:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 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 Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 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, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

SUNTAR ECO-CITY LIMITED
Company Registration No. 200613997H
(Incorporated in the Republic of Singapore)

PROXY FORM
(Please see notes overleaf before completing this Form)

IMPORTANT:
1. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ______________________________ (Name) ____________________ (NRIC/Passport No.)

of ____

being a member/members of Suntar Eco-City Limited (the "Company"), hereby appoint:

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

and/or (delete as appropriate)

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

as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at 10 Ang Mo Kio Street 65, #06-10 Techpoint, Singapore 569059 on Thursday, 28 April 2016 at 10:00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

No.	Resolutions relating to:	No. of votes 'For'*	No. of votes 'Against'*
1	Audited Financial Statements for the financial year ended 31 December 2015		
2	Re-election of Mr He Kaijun as a Director		
3	Re-election of Mr Lan Yihong as a Director		
4	Approval of Directors' fees for the financial year ended 31 December 2015		
5	Re-appointment of Messrs Deloitte & Touche LLP as Auditors and authority to Directors to fix remuneration		
6	Authority to issue shares		

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

Dated this __________ day of ______________ 2016

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

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

*Delete where inapplicable

Notes :

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company (other than a Relevant Intermediary*), entitled to attend and vote at a meeting of the Company is entitled to appoint one (1) or two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member (other than a Relevant Intermediary*) appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A Relevant Intermediary may appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number or class of shares shall be specified).

5. Subject to note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. The instrument appointing a proxy or proxies must be deposited at the Share Registrar business office at 80 Robinson Road, #11-02, Singapore 068898 not less than 48 hours before the time appointed for the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorized. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. A corporation which is a member may authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

9. An investor who buys shares using Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

   * A Relevant Intermediary is:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 13 April 2016.

General:

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

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SUNTAR ECO-CITY LIMITED