TSAKER

Tsaker Chemical Group Limited
彩客化學集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1986)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2015, revenue of the Group amounted to approximately RMB875.7 million, representing a decrease of approximately RMB21.8 million or 2.4% comparing with that in the same period of 2014.
- For the year ended 31 December 2015, gross profit of the Group amounted to approximately RMB269.8 million, representing a decrease of approximately RMB72.4 million or 21.2% comparing with that in the same period of 2014.
- For the year ended 31 December 2015, net profit of the Group amounted to approximately RMB102.3 million, representing a decrease of approximately RMB69.2 million or 40.3% comparing with that in the same period of 2014.
- For the year ended 31 December 2015, profit attributable to owners of the parent of the Group amounted to approximately RMB102.3 million, representing a decrease of approximately RMB42.6 million or 29.4% comparing with that in the same period of 2014.
- For the year ended 31 December 2015, basic and diluted earnings per share of the Group amounted to approximately RMB0.23, representing a decrease of approximately RMB0.16 or 41.0% comparing with that in the same period of 2014.
- The Board recommended the declaration of a final dividend of RMB0.062 per share, subject to the Shareholders' approval at the annual general meeting.

The board (the "**Board**") of directors (the "**Director(s)**") of Tsaker Chemical Group Limited ("**Tsaker Chemical**" or the "**Company**" or "**we**" or "**our**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2015 (the "**Reporting Period**" or the "**Review Year**") together with the comparative figures for the year ended 31 December 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
REVENUE	5	**875,711**	897,477
Cost of sales		**(605,942)**	(555,242)
Gross profit		**269,769**	342,235
Other income and gains	5	**18,732**	15,894
Selling and distribution expenses		**(34,076)**	(25,289)
Administrative expenses		**(93,912)**	(89,675)
Other expenses		**(1,234)**	(4,534)
Finance costs	6	**(7,327)**	(11,634)
Exchange losses, net		**(4,244)**	(763)
PROFIT BEFORE TAX	7	**147,708**	226,234
Income tax expense	8	**(45,450)**	(54,720)
PROFIT FOR THE YEAR		**102,258**	171,514
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**23,528**	1,008
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**125,786**	172,522
Profit attributable to:			
Owners of the parent		**102,258**	144,859
Non-controlling interests		**–**	26,655
		102,258	171,514
Total comprehensive income attributable to:			
Owners of the parent		**125,786**	145,867
Non-controlling interests		**–**	26,655
		125,786	172,522
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT			
Basic and diluted (expressed in RMB per share)	11	**0.23**	0.39

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2015

	Notes	31 December 2015 RMB'000	31 December 2014 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	**504,540**	323,743
Prepaid land lease payments	13	**64,718**	35,486
Deferred tax assets		**24,425**	24,092
Other non-current assets		**14**	25
Total non-current assets		**593,697**	383,346
CURRENT ASSETS			
Inventories	14	**77,872**	60,383
Trade receivables	15	**163,184**	115,097
Notes receivables	16	**71,080**	32,566
Prepayments and other receivables		**44,209**	17,111
Prepaid income tax		**13,805**	–
Restricted cash	17	**300,516**	514
Cash and cash equivalents	17	**192,873**	95,471
Total current assets		**863,539**	321,142
CURRENT LIABILITIES			
Trade payables	18	**193,094**	149,144
Other payables and accruals		**96,378**	107,256
Interest-bearing bank borrowings	19	**317,320**	81,000
Income tax payable	8	**–**	22,406
Total current liabilities		**606,792**	359,806
NET CURRENT ASSETS/(LIABILITIES)		**256,747**	(38,664)
TOTAL ASSETS LESS CURRENT LIABILITIES		**850,444**	344,682
NON-CURRENT LIABILITIES			
Deferred income		**6,806**	7,221
Deferred tax liabilities		**1,550**	–
Other financial liability		**–**	30,615
Total non-current liabilities		**8,356**	37,836
Net assets		**842,088**	306,846
EQUITY			
Equity attributable to owners of the parent			
Share capital	20	**30,649**	6
Reserves		**811,439**	306,840
Total equity		**842,088**	306,846

CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:		**147,708**	226,234
Adjustments for:			
Finance costs	6	**7,327**	11,634
Interest income	5	**(2,547)**	(277)
Loss on disposal of items of property, plant and equipment	7	**–**	2,485
Depreciation	12	**31,494**	31,419
Amortisation of prepaid land lease payments	7	**3,497**	584
Amortisation of other non-current assets		**10**	12
Amortisation of deferred income		**(1,297)**	(920)
Recovery of assets written off	7	**(3,443)**	–
Impairment of property, plant and equipment	7	**–**	4,590
Impairment of inventory	7	**1,197**	–
		183,946	275,761
Decrease/(increase) in inventories		**(18,686)**	29,050
Decrease/(increase) in trade and notes receivables		**(83,157)**	19,678
Increase in prepayments and other receivables		**(16,935)**	(4,303)
Increase in trade payables		**4,758**	19,252
Increase in other payables and accruals		**54,657**	3,488
Increase in restricted cash		**(2)**	(2)
Cash generated from operations		**124,581**	342,924
Interest received		**2,547**	277
Interest paid		**(7,379)**	(9,226)
Income tax paid		**(80,444)**	(46,631)
Net cash flows from operating activities		**39,305**	287,344
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(184,505)**	(111,419)
Purchase of prepaid land lease payment		**(32,729)**	(12,435)
Proceeds on disposal of items of property, plant and equipment		**2,317**	645
Proceeds from governments grants		**882**	2,450
Net cash flows from investing activities		**(214,035)**	(120,759)

CONSOLIDATED STATEMENT OF CASH FLOW (CONTINUED)
For the year ended 31 December 2015

	Notes	**2015** **RMB'000**	2014 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Funding from related parties		**17,337**	323,813
Funding to related parties		**(65,808)**	(346,102)
Consideration paid to the then shareholders of the subsidiaries		–	(152,190)
Proceeds from bank loans		**412,320**	171,000
Increase in time deposits for bank loans		**(300,000)**	–
Repayment of bank loans		**(176,000)**	(214,831)
Repayment of employees borrowings		–	(8,415)
Dividend paid to Huage Chemical (Cangzhou) Co., Ltd.		–	(30,968)
Proceeds from issue of shares		**378,841**	134,707
Proceeds from other financial liability		–	30,615
Net cash flows used in financing activities		**266,690**	(92,371)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**91,960**	74,214
Cash and cash equivalents at beginning of year		**95,471**	21,113
Effect of foreign exchange rate changes, net		**5,442**	144
CASH AND CASH EQUIVALENTS AT END OF YEAR	*17*	**192,873**	95,471

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is located at P.O. Box 472, 2nd Floor, Harbour Place, 103 South Church Street, George Town, Grand Cayman, KY1-1106, Cayman Islands.

The Company is an investment holding company. During the year 2015, the Company's subsidiaries were involved in the following principal activities:

- manufacture and sale of pigment intermediates
- manufacture and sale of dye intermediates
- manufacture and sale of mononitrotoluene (comprising para-nitrotoluene ("**PNT**"), ortho-nitrotoluene ("**ONT**"), meta-nitrotoluene ("**MNT**")) as well as ortho-toluidine ("**OT**") and others

In the opinion of the Directors, the ultimate holding company and parent of the Company is Cavalli Enterprises Inc. ("**Cavalli**"), a company registered in the British Virgin Islands and wholly-owned by Mr. Ge Yi ("**Mr. Ge**").

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousands except when otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

3.1 The Group has adopted the following revised standards for the first time for the current year's financial statements.

Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions
Annual Improvements to HKFRSs 2010-2012 Cycle
Annual Improvements to HKFRSs 2011-2013 Cycle

Other than as explained below regarding the impact of Annual Improvements to HKFRSs 2010-2012 Cycle and Annual Improvements to HKFRSs 2011-2013 Cycle, the adoption of the above revised standards has had no significant financial effect on these financial statements.

(a) The Annual Improvements to HKFRSs 2010-2012 Cycle issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 8 Operating Segments: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

- HKAS 16 Property, Plant and Equipment and HKAS 38 Intangible Assets: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

- HKAS 24 Related Party Disclosures: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

(b) The Annual Improvements to HKFRSs 2011-2013 Cycle issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 3 Business Combinations: Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not pay registered capital to any joint arrangement during the year.

- HKFRS 13 Fair Value Measurement: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.

- HKAS 40 Investment Property: Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as the Group does not hold any investment property.

In addition, the Company has adopted the amendments of the Listing Rules issued by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

3.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 9 *Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011) *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011) *Investment Entities: Applying the Consolidation Exception*[1]
Amendments to HKFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*[1]
HKFRS 14 *Regulatory Deferral Accounts*[3]
HKFRS 15 *Revenue from Contracts with Customers*[2]
Amendments to HKAS 1 *Disclosure Initiative*[1]
Amendments to HKAS 16 and HKAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to HKAS 16 and HKAS 41 *Agriculture: Bearer Plants*[1]
Amendments to HKAS 27 (2011) *Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012-2014 Cycle Amendments to a number of HKFRSs[1]

[1] Effective for annual periods beginning on or after 1 January 2016
[2] Effective for annual periods beginning on or after 1 January 2018
[3] Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and has three reportable operating segments as follows:

(a) the pigment intermediates segment produces pigment intermediates products for use in the production of pigment;

(b) the dye intermediates segment produces dye intermediates products for use in the production of dye related products; and

(c) Mononitrotoluene, OT and other segment produces PNT, ONT, MNT, OT and others.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated mainly based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except the profit or loss for the corporate are excluded from such measurement.

The measurement of segment assets and liabilities are same as total assets and total liabilities for consolidated statement of financial position, excluding assets and liabilities related to the corporate.

4. OPERATING SEGMENT INFORMATION (CONTINUED)

For the year ended 31 December 2015

	Pigment intermediates *RMB'000*	Dye intermediates *RMB'000*	Mononitrotoluene, OT and others *RMB'000*	Consolidated *RMB'000*
Segment revenue:				
Revenue from external customers	185,527	552,079	138,105	875,711
Intersegment sales	93,337	204,584	30,501	328,422
	278,864	756,663	168,606	1,204,133
Reconciliation				
Elimination of intersegment sales				(328,422)
Revenue from continuing operations				875,711
Segment results	45,536	161,268	(12,771)	194,033
Reconciliation				
Elimination of intersegment transactions				(569)
Corporate and other unallocated expenses				(45,756)
Profit before tax				147,708
Segment assets	426,194	1,048,927	78,881	1,554,002
Reconciliation				
Elimination of intersegment receivables				(646,594)
Corporate and other unallocated assets				549,821
Elimination of unrealised profit in inventory				7
Total assets				1,457,236
Segment liabilities	364,977	590,715	91,517	1,047,209
Reconciliation				
Elimination of intersegment payables				(646,594)
Corporate and other unallocated liabilities				214,533
Total liabilities				615,148
Other segment information				
Impairment losses recognised in profit and loss for trade receivables	–	–	1,197	1,197
Depreciation and amortisation	9,935	20,332	635	30,902
Capital expenditure	13,934	28,017	190,802	232,753

4. OPERATING SEGMENT INFORMATION (CONTINUED)

For the year ended 31 December 2014

	Pigment intermediates *RMB'000*	Dye intermediates *RMB'000*	Consolidated *RMB'000*
Segment revenue:			
Revenue from external customers	185,043	712,434	897,477
Segment results	13,393	233,810	247,203
Reconciliation			
Elimination of intersegment transactions			2,314
Corporate and other unallocated expenses			(23,283)
Profit before tax			226,234
Segment assets	217,593	479,069	696,662
Reconciliation			
Elimination of intersegment receivables			(177,451)
Corporate and other unallocated assets			185,710
Elimination of unrealised profit in inventory			(433)
Total assets			704,488
Segment liabilities	243,481	261,006	504,487
Reconciliation			
Elimination of intersegment payables			(177,451)
Corporate and other unallocated liabilities			70,606
Total liabilities			397,642
Other segment information			
Impairment losses recognised in profit and loss for property, plant and equipment	4,590	–	4,590
Depreciation and amortisation	9,357	21,577	30,934
Capital expenditure	72,896	54,930	127,826

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information

(a) Revenue from external customers

	2015	2014
	RMB'000	*RMB'000*
Mainland China	**492,256**	424,135
India	**119,076**	120,465
Germany	**55,440**	82,964
United States	**51,295**	76,118
Taiwan	**31,735**	61,283
Indonesia	**42,503**	52,040
Spain	**20,995**	27,170
Brazil	**16,414**	14,844
Japan	**15,730**	14,324
Italy	**20,996**	7,654
Turkey	**4,017**	7,939
Korea	**2,284**	3,096
Other countries	**2,970**	5,445
	875,711	897,477

Revenue information above is based on the locations of the customers.

The Group's non-current assets are substantially located in the PRC.

(b) Information of major customers

In 2015, revenue of approximately RMB89,108,000 was derived from sales by the dye intermediates segment to a single customer.

In 2014, revenue of approximately RMB145,647,000 was derived from sales by the dye intermediates segment to a group of entities under the control of Mr. Ge Yi. In addition, revenue of approximately RMB108,389,000 was derived from sales by the dye intermediates segment to a single customer.

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts during the year.

An analysis of revenue, other income and gains is as follows:

	2015	2014
	RMB'000	*RMB'000*
Revenue		
Sale of goods	**875,711**	848,273
Processing income	**–**	49,204
	875,711	897,477
Other income and gains		
Bank interest income	**2,547**	277
Government grants*	**4,797**	920
Sale of materials and scrap	**10,872**	13,890
Others	**516**	807
	18,732	15,894
	894,443	913,371

* Government grants included subsidies granted by governmental units to support qualified research programs and rewards for the listing ("**Listing**") of the Company's shares on the Main Board of the Stock Exchange, which was recognised as income during the period when such expense were incurred and the conditions for the grants were fulfilled. Government grants also included grants that are related to qualified long-lived assets and such grants were deferred and released to profit or loss as other income over the expected useful life of the relevant asset. There are no unfulfilled conditions on contingencies attached to the grants.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2015	2014
	RMB'000	*RMB'000*
Interest on bank loans	**8,788**	9,244
Other financial cost	**5,644**	6,103
Less: Interest capitalised	**(7,105)**	(3,713)
	7,327	11,634

The weighted average interest rate of capitalisation for the year ended 31 December 2015 is 6.41% (for the year ended 31 December 2014: 7.70%).

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

		2015	2014
	Notes	***RMB'000***	*RMB'000*
Cost of inventories sold		**605,942**	555,242
Depreciation	*12*	**31,494**	31,419
Research and development costs		**15,136**	19,382
Minimum lease payments under operating leases for land, buildings and machineries		**15,525**	163
Amortisation of land lease payments	*13*	**3,497**	584
Auditors' remuneration		**4,165**	2,413
Employee benefit expense (excluding directors' and chief executives' remuneration):			
Wages, salaries and welfare		**75,026**	66,246
Pension scheme contributions		**24,065**	24,044
Exchange losses, net		**(4,244)**	763
Impairment of property, plant and equipment	*12*	**–**	4,590
Loss on disposal of items of property, plant and equipment		**–**	2,485
Write-down of inventories to net realisable value		**1,197**	–
Recovery of impairment of trade receivables	*15*	**(3,443)**	–

8. INCOME TAX

Cayman Islands

Under the current income tax laws of the Cayman Islands, the Company is not subject to tax on any income or capital gain.

Hong Kong

Under the current income tax laws of Hong Kong, companies are subject to Hong Kong profits tax at 16.5% on assessable profits arising in or derived from Hong Kong.

PRC

Effective from 1 January 2008, the PRC's Enterprise Income Tax ("**EIT**") rate is 25%. The Company's PRC subsidiaries are subject to income tax at 25% unless otherwise specified.

Pursuant to the PRC Corporate Income Tax Law and related laws and regulations, Tsaker Chemical (Cangzhou) Co., Ltd. ("**Tsaker Cangzhou**") withholds corporate income tax at the rate of 5% when it distributes dividends to Tsaker Chemical (Hong Kong) Co., Ltd. ("**Tsaker Hong Kong**") in respect of earnings generated commencing from 1 January 2008.

	2015	2014
	RMB'000	*RMB'000*
Current – PRC		
Charge for the year	**44,233**	68,190
Deferred	**1,217**	(13,470)
Total tax charge for the year	**45,450**	54,720

8. INCOME TAX (CONTINUED)

Reconciliation of the tax expense applicable to profit before tax at the statutory rate for the PRC, in which the majority of the Company's subsidiaries are domiciled to the tax expense at the effective tax rate, is as follows:

	2015	2014
	RMB'000	*RMB'000*
Profit before tax	**147,708**	226,234
Tax at the statutory income tax rate (25%)	**36,927**	56,559
Tax loss not recognised	**4,015**	–
The effect of different tax rate	**60**	–
Non-deductible expenses	**4,312**	477
Income not subject to tax	**(380)**	–
Additional deduction of research and development costs	**(1,034)**	(2,316)
Withholding tax	**1,550**	–
Total income tax expense	**45,450**	54,720

9. ARRANGEMENTS WITH CHINA CHEM CO., LTD.

The Group entered into various arrangements with China Chem Co., Ltd. ("**China Chem**"), an unrelated party, for sale of products, processing services and purchase of raw materials. Based on these arrangements, China Chem is considered as the intermediary for and on behalf of the Group in the respective sale, purchase and processing transactions.

In the sale and processing arrangements, the Group has latitude in establishing prices, and the primary responsibility for providing the goods/services to the customer, bears inventory risk during shipment, and credit risk for the amount receivable from end customers. Accordingly, the Group recognises revenue from sale of products, and from processing services, based on the respective amounts billed to end customers. Under all the above-mentioned arrangements, China Chem provides certain administrative work and financing service (on improving the Group's working capital management) in return for service and interest charges, respectively. The financing service under arrangements of sale of products and processing services is related to expediting settlement of receivables while the financing service under arrangement of purchase of raw materials is related to delaying settlement of payables. The service charges paid on administrative work relating to sale of products or processing service form part of selling and distribution expenses of the Group while those relating to purchase of raw materials are considered as part of purchase cost of the related raw materials. Financing charges are recognised during the year ended 31 December 2015 and 2014 as other finance cost in profit or loss.

10. DIVIDEND

The Directors recommend a final dividend at RMB0.062 per ordinary share in respect of the year ended 31 December 2015. The dividend was not recognised as a liability as at the end of the reporting period.

11. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

The calculation of basic and diluted earnings per share attributable to ordinary equity holders of the parent is based on the following data:

	2015	2014
	RMB'000	*RMB'000*
Earnings		
Profit for the period attributable to ordinary equity holders of the parent	**102,258**	144,859
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation	**437,290**	375,000
Earnings per share		
Basic and diluted	**0.23**	0.39

Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation for the year ended 31 December 2014 has been retrospectively adjusted to reflect the 100,000 shares in issue at 30 June 2015 and 374,900,000 shares of the Company capitalisation issue upon Listing on 3 July 2015.

The Group did not have any dilutive potential ordinary shares in issue during the years ended 31 December 2015 and 2014.

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	Machineries and equipment *RMB'000*	Office equipment *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
31 December 2015						
At 31 December 2014 and 1 January 2015:						
Cost	**123,448**	**260,227**	**8,022**	**2,249**	**86,242**	**480,188**
Accumulated depreciation and impairment	**(30,814)**	**(119,416)**	**(3,765)**	**(835)**	**(1,615)**	**(156,445)**
Net carrying amount	**92,634**	**140,811**	**4,257**	**1,414**	**84,627**	**323,743**
At 1 January 2015, net of accumulated depreciation and impairment						
Additions	**440**	**3,826**	**1,504**	**4**	**209,063**	**214,837**
Disposals	**(2,465)**	**(25)**	**(56)**	**–**	**–**	**(2,546)**
Depreciation provided during the year	**(7,145)**	**(22,988)**	**(910)**	**(451)**	**–**	**(31,494)**
Transfers	**22,013**	**15,715**	**–**	**–**	**(37,728)**	**–**
At 31 December 2015, net of accumulated depreciation and impairment	**105,477**	**137,339**	**4,795**	**967**	**255,962**	**504,540**
At 31 December 2015:						
Cost	**142,479**	**279,726**	**9,323**	**2,253**	**255,962**	**689,743**
Accumulated depreciation and impairment	**(37,002)**	**(142,387)**	**(4,528)**	**(1,286)**	**–**	**(185,203)**
Net carrying amount	**105,477**	**137,339**	**4,795**	**967**	**255,962**	**504,540**

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings	Machineries and equipment	Office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2014						
At 31 December 2013 and 1 January 2014:						
Cost	64,993	244,741	4,217	1,529	57,371	372,851
Accumulated depreciation and impairment	(25,319)	(90,963)	(2,619)	(670)	(1,615)	(121,186)
Net carrying amount	39,674	153,778	1,598	859	55,756	251,665
At 1 January 2014, net of accumulated depreciation and impairment	39,674	153,778	1,598	859	55,756	251,665
Additions	9,270	6,554	3,805	1,020	90,568	111,217
Disposals	–	(2,988)	–	(142)	–	(3,130)
Depreciation provided during the year	(5,442)	(24,508)	(1,146)	(323)	–	(31,419)
Impairment	(53)	(4,537)	–	–	–	(4,590)
Transfers	49,185	12,512	–	–	(61,697)	–
At 31 December 2014, net of accumulated depreciation and impairment	92,634	140,811	4,257	1,414	84,627	323,743
At 31 December 2014:						
Cost	123,448	260,227	8,022	2,249	86,242	480,188
Accumulated depreciation and impairment	(30,814)	(119,416)	(3,765)	(835)	(1,615)	(156,445)
Net carrying amount	92,634	140,811	4,257	1,414	84,627	323,743

As at 31 December 2015, certain of the Group's buildings with an aggregate net book value of RMB12,237,000 was pledged to secure bank loans of RMB20,000,000 (note 19).

As at 31 December 2015, no impairment loss was provided. As at 31 December 2014, impairment losses of RMB4,590,000 were provided for certain idle property, plant and equipment of the Group which became unusable or technically obsolete during the year ended 31 December 2014.

Included in the property, plant and equipment as at 31 December 2015 and 2014 were certain buildings with net book values of RMB7,715,000 and RMB7,679,000 respectively of which the property certificates have not been obtained.

The Directors are of the view that the Group is entitled to lawfully and validly occupy and use the above mentioned buildings. The Directors are also of the opinion that the aforesaid matter will not have any significant impact on the Group's financial position for the year.

13. PREPAID LAND LEASE PAYMENTS

	2015	2014
	RMB'000	*RMB'000*
Carrying amount at 1 January	**38,663**	1,664
Addition	**33,396**	37,583
Amortisation during the year	**(3,497)**	(584)
Carrying amount at 31 December	**68,562**	38,663
Current portion (included in prepayments, and other receivables)	**(3,844)**	(3,177)
Non-current portion	**64,718**	35,486

As at 31 December 2015 and 2014, the pledged prepaid land lease payment amounted to RMB24,734,000 and RMB10,779,000, respectively, to secure bank loans granted to the Group (note 19).

14. INVENTORIES

	31 December 2015	31 December 2014
	RMB'000	*RMB'000*
Raw materials	**25,131**	24,189
Work in progress	**11,386**	11,235
Finished goods	**42,552**	24,959
Write-down of inventories	**(1,197)**	–
	77,872	60,383

As at 31 December 2015, none of the Group's inventories was pledged as security for the Group's bank loans (2014: Nil).

15. TRADE RECEIVABLES

	31 December 2015	31 December 2014
	RMB'000	*RMB'000*
Trade receivables	**163,184**	118,540
Impairment	**–**	(3,443)
	163,184	115,097

15. TRADE RECEIVABLES (CONTINUED)

The Group's trading terms with its customers are mainly on credit, except for new customers and small sized customers, where payment in advance is normally required. The credit period is generally one month for domestic customers, extending up to three months for overseas customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control on certain of its outstanding receivables.

Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aging analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	31 December 2015	31 December 2014
	RMB'000	*RMB'000*
Within 1 month	**76,710**	55,687
1 month to 2 months	**51,728**	36,414
2 months to 3 months	**22,027**	17,549
3 months to 4 months	**4,274**	1,447
Over 4 months	**8,445**	4,000
	163,184	115,097

The movements in provision for impairment of trade receivables are as follows:

	2015	2014
	RMB'000	*RMB'000*
At 1 January	**3,443**	3,443
Impairment loss reversed	**(3,443)**	–
At 31 December	**–**	3,443

As at 31 December 2014, provision for impairment of trade receivables was a provision for individually impaired trade receivables with a carrying amount before provision of approximately RMB3,443,000. The individually impaired receivables mainly relate to customers which was in unexpected difficult economic situations and it was expected that these receivables would not be recovered, then. This previously fully impaired trade receivables of approximately RMB3,443,000 was recovered during the year ended 31 December 2015.

15. TRADE RECEIVABLES (CONTINUED)

The aging analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
Neither past due nor impaired	**136,058**	70,198
Less than 1 month past due	**12,545**	6,204
1 to 3 months past due	**8,351**	38,582
Over 3 months past due	**6,230**	113
	163,184	115,097

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

16. NOTES RECEIVABLES

Notes receivables of the Group are all bank acceptance notes and are usually settled within six months from their respective dates of issue. None of the notes receivables as at the end of years ended 31 December 2015 and 2014 was past due nor impaired.

Transferred financial assets that are not derecognised in their entirety:

The Group endorsed certain notes receivables accepted by banks in the PRC (the "**Endorsed Notes**") with an aggregate carrying amount of RMB47,415,000 and RMB25,390,000 as at 31 December 2015 and 2014, respectively, to certain of its suppliers in order to settle trade payables due to such suppliers (the "**Endorsement**"). In the opinion of the Directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Notes, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Notes and the associated other payables. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Notes, including the sale, transfer or pledge of the Endorsed Notes to any other third parties. None of the Endorsed Notes settled during the year have been recoursed as at the end of the year.

16. NOTES RECEIVABLES (CONTINUED)

Transferred financial assets that are derecognised in their entirety:

The Group endorsed certain notes receivables accepted by banks in the PRC (the "**Derecognised Notes**") to certain of its suppliers in order to settle the trade payables due to such suppliers with an aggregate carrying amount of RMB288,674,000 and RMB226,959,000 as at 31 December 2015 and 2014, respectively. The Derecognised Notes have a maturity from one to six months at the end of the respective reporting periods. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Notes have a right of recourse against the Group if the PRC banks default (the "**Continuing Involvement**"). In the opinion of the Directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Notes. Accordingly, it has derecognised the full carrying amounts of the Derecognised Notes and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Notes and the undiscounted cash flows to repurchase these Derecognised Notes equal to their carrying amounts. In the opinion of the Directors, the fair values of the Group's Continuing Involvement in the Derecognised Notes are not significant.

For the years ended 31 December 2015 and 2014, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Notes. No gains or losses were recognised from the Continuing Involvement, both during the years ended 31 December 2015 and 2014 or cumulatively.

17. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	Notes	**31 December 2015 *RMB'000***	31 December 2014 *RMB'000*
Cash and bank balances		**193,389**	95,985
Time deposits		**300,000**	–
		493,389	95,985
Less: Restricted cash	*(a)*	**(516)**	(514)
Pledged time deposits for short term bank loans	*(b)*	**(300,000)**	–
Cash and cash equivalents		**192,873**	95,471
Denominated in RMB	*(c)*	**138,752**	16,664
Denominated in other currencies		**54,121**	78,807
Cash and cash equivalents		**192,873**	95,471

17. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH (CONTINUED)

Notes:

(a) As at 31 December 2015 and 2014, the Group's bank balances of approximately RMB516,000 and RMB514,000, respectively, were deposited at banks as a safety production guarantee fund pursuant to the related government regulations.

(b) As at 31 December 2015, restricted cash of RMB300,000,000 was deposited to secure subsidiaries' bank loans.

(c) RMB is not freely convertible into other currencies. However, under China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and restricted bank deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents and the restricted bank deposits approximate to their fair values.

18. TRADE PAYABLES

An aging analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
Within 1 month	**122,235**	83,489
1 month to 2 months	**33,705**	30,264
2 months to 3 months	**20,490**	15,379
Over 3 months	**16,664**	20,012
	193,094	149,144

The trade payables are non-interest-bearing and are normally settled on 30-day to 90-day terms.

19. INTEREST-BEARING BANK BORROWINGS

	31 December 2015			31 December 2014		
	Effective interest rate (%)	**Maturity**	**RMB**	Effective interest rate (%)	Maturity	RMB
Current						
Bank loans – unsecured	**–**	**–**	**–**	8.10	2015	12,000
Bank loans – secured	**4.35-8.40**	**2016**	**317,320**	5.88-8.10	2015	69,000
			317,320			81,000
Analysed into:						
Bank loans repayable:						
Within one year			**317,320**			81,000
In the second year to fifth year			**–**			–
			317,320			81,000

Notes:

The Group had banking facilities amounting to RMB200,000,000 unsecured for the year ended 31 December 2015 (31 December 2014: RMB75,000,000).

Certain of the Group's bank loans are secured as below:

	31 December 2015	31 December 2014
	RMB'000	*RMB'000*
1) By the Group's land use rights (with a net carrying amount of RMB15,000,000 at 31 December 2015)	**15,000**	–
2) By the Company's letter of credits*	**270,320**	–
3) Jointly guaranteed by Tsaker Cangzhou and Tsaker Chemical (Dongguang) Co., Ltd. ("**Tsaker Dongguang**")	**12,000**	–
4) By Tsaker Technology (Beijing) Co., Ltd. ("**Tsaker Beijing**")'s buildings (with an aggregate net carrying amount of RMB38,384,000 at 31 December 2014)	**–**	35,000
5) By certain of the Group's land use rights (with an aggregate net carrying amount of RMB9,734,000 and RMB10,779,000 at 31 December 2015 and 31 December 2014) and certain of the Group's buildings (with an aggregate net carrying amount of RMB12,237,000 and RMB13,227,000 at 31 December 2015 and 31 December 2014)	**20,000**	34,000
Total	**317,320**	69,000

* The Company deposited RMB300,000,000 at the bank in order to obtain the letter of credits.

20. SHARE CAPITAL

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 29 October 2014 with initial authorised share capital of US$50,000 divided into 5,000,000 shares of a par value of US$0.01 each.

The movement of share capital of the Company is as below:

Shares	**Number of shares**	**Share capital**	**Issued share capital equivalent of**
		US$	*RMB'000*
Authorised:			
As at 31 December 2014 at US$0.01 each	5,000,000	50,000.00	
As at 31 December 2015 at US$0.01 each	1,000,000,000	10,000,000.00	
Issued and fully paid:			
Issued and allotted on 29 October 2014 (date of incorporation) at US$0.01 each	1	0.01	–
Issued of new shares at US$0.01 each	99,999	999.99	6
At 31 December 2014 and 1 January 2015, at US$0.01 each	100,000	1,000.00	6
Capitalisation upon listing	374,900,000	3,749,000.00	22,929
Issue of shares	126,125,000	1,261,250.00	7,714
At 31 December 2015, at US$0.01 each	501,125,000	5,011,250.00	30,649

On 7 November 2014, the one ordinary share allotted to the first subscriber was transferred to Cavalli as the sole member of the Company. On 9 December 2014, the Company issued 9,999 shares to Cavalli in exchange for its equity interests in Tsaker Hong Kong, at an aggregate consideration of approximately RMB80 million which was determined based on the net assets of Tsaker Hong Kong. On 24 December 2014, the Company further issued 87,200 shares to Cavalli for an aggregate cash consideration of US$22 million or equivalent to approximately RMB134 million.

On 30 December 2014, 2,800 ordinary shares were issued to the Pre-IPO Investor for a total cash consideration of US$5 million or equivalent to approximately RMB31 million. The par value of the shares issued amounting to RMB171.44 was credited to share capital while the value of the remaining balance was accounted for as other financial liability as of 31 December 2014 and then reclassified as to equity upon Listing in 2015.

20. SHARE CAPITAL (CONTINUED)

Pursuant to the written resolutions of the shareholders of the Company, passed on 12 June 2015, the sum of US$3,749,000 standing to the credit of the share premium account of the Company was capitalised and applied towards paying up in full at par 3,749,000,000 shares of the Company upon Listing.

The Company's shares were listed on the Stock Exchange on 3 July 2015 and in connection with the Company's global offering and the completion of the over-allotment, 126,125,000 ordinary shares of the Company of US$0.01 each were issued at a price of HK$4.01 per share for a total cash consideration, before expenses, of approximately HK$505,761,250 (equivalent to RMB398,944,307). Share issue expense charged to equity was RMB20,103,153, and that charged to profit or loss was RMB27,349,310.

21. CONTINGENT LIABILITIES

As at 31 December 2015, the Group had no contingent liabilities.

22. OPERATING LEASE ARRANGEMENTS

As lessee

The Group leases certain of its property, plant, and equipment under operating lease arrangements with a term of 3 years.

As at 31 December 2015, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
Within one year	**17,778**	–
In the second to fifth years, inclusive	**18,453**	–
	36,231	–

23. COMMITMENTS

In addition to the operating lease commitments detailed in note 22 above, the Group had the following capital commitments at the end of the reporting period:

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
Contracted, but not provided for plant and machinery	**79,482**	52,821

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is the world's largest producer of a number of fine chemicals that function as dye intermediates, pigment intermediates and agricultural chemical intermediates. The main products of dye intermediates and pigment intermediates include 4,4-diaminostilbene-2,2-disulfonic acid ("**DSD acid**"), dimethyl 1,4 cyclohexanedione-2.5-dicarboxylate ("**DMSS**") and 2.5-Dianilinoterephthalic acid ("**DATA**"), which are primarily applied as brightening agents for the end products of life consumables such as paper and textile, bleach for detergents, pharmaceuticals and food additives and paint pigments. The main products of agricultural chemical intermediates are ONT and OT, which are the principle raw materials for herbicides and pharmaceuticals. The Group's products have a wide range of end applications, resulting in a stable and vast demand.

Currently the Group's sales network covers the Asian, European and American regions, such as the PRC, Japan, Italy and the United States. For the year ended 31 December 2015, the major customers of the Group were international chemicals producers and the top five largest customers of the Group accounted for a total of approximately 46.8% of the revenue of the Group for the year (2014: 40.9%). As the nature and quality of the intermediates directly affect the colour of end products, the Group's products cannot be easily replaced once they have entered into the supply chain of international chemicals producers. Accordingly, the Group has maintained good business relationship with its customers by virtue of the consistently high quality of its products.

PERFORMANCE REVIEW

Segment information

2015 (audited)	**DMSS and other pigment intermediates**	**DSD Acid and other dye intermediates**	**Mononitrotoluene, OT and others**	**Total**
Revenue (RMB'000)	185,527	552,079	138,105	875,711
Cost of sales (RMB'000)	119,308	361,670	124,964	605,942
Sales volume (Tonnes)	5,690	33,304	16,453	55,447
Gross profit margin (%)	35.7%	34.5%	9.5%	30.8%
Average unit selling price (RMB/Tonne)	32,606	16,577	8,394	15,794

2014 (audited)	DMSS and other pigment intermediates	DSD Acid and other dye intermediates	Mononitrotoluene, OT and others	Total
Revenue (RMB'000)	185,043	712,434	–	897,477
Cost of sales (RMB'000)	123,988	431,254	–	555,242
Sales volume (Tonnes)	5,415	33,498	–	38,913
Gross profit margin (%)	33.0%	39.5%	–	38.1%
Average unit selling price (RMB/Tonne)	34,172	21,268	–	23,064

During the Review Year, the Group's total revenue decreased by approximately 2.4% to RMB875.7 million, mainly due to the lower average selling prices of its products. The Group's products are crude oil derivatives, and the prices of key raw materials declined as crude oil price plunged. In order to sustain the profitability along the upstream and downstream industry chain, maintain a healthy development of the industry and enhance the competitiveness of the Group's products, the Group lowered the average selling prices of its products. However, sales volume of the main products of the Group recorded a strong performance during the Review Year. Among the Group's main products, sales volume of DSD acid remained almost at the same level and represented a slight decrease of 194 tonnes compared with the same period in 2014; sales volume of DMSS and DATA recorded significant increases, by approximately 30.6% and 8.3%, respectively, year-on-year to 1,670 tonnes and 988 tonnes, respectively.

Due to the lower average selling prices of the Group's products and the fact that the new products launched by the Group during the year 2015 were still in a preliminary stage which has higher production costs and lower gross profit. The overall gross profit and gross profit margin was slightly affected. The Group's gross profit in 2015 was approximately RMB269.8 million, representing a decrease of approximately 21.2% compared with the same period in 2014, and the gross profit margin fell by 7.3 percentage points to 30.8%.

On the other hand, the Group also recorded a decline in net profit, mainly due to the following four reasons:

(1) Plunge in crude oil price led to the decline in raw material prices. In order to sustain the profitability along the upstream and downstream industry chain, the Group took the initiative to lower the prices of its products, which had an adverse effect on its overall gross profit margin;

(2) The production facilities ("**Phase I Dongao Chemicals**") with annual production capacity of (a) 40,000 tonnes of mononitrotoluene (consisting of PNT, ONT and MNT) and of (b) 6,000 tonnes of N-methyl-2-pyrrolidone ("**NMP**") were leased from Shengli Oil Field Dongao Chemicals Co., Ltd. (勝利油田東奧化工有限責任公司, "**Dongao Chemicals**") since January 2015, and therefore, additional costs and expenses were incurred for the initial production and market development of such new products of the Group, which had an adverse effect on the gross profit of Mononitrotoluene, OT and other segment;

(3) Two major explosion accidents occurred in the PRC in the second half of 2015. Later, the General Office of the People's Government of Shandong Province on 1 September 2015 issued the Circular regarding the Explosion Accident at Shandong Bingyuan Chemicals Co., Ltd. on 31 August 2015 (Lu Zheng Ban Fa Ming Dian [2015] No.65) (《關於山東濱源化學有限公司「8.31」爆炸事故的通報》(魯政辦發明電[2015] 65號)), ordering all hazardous chemicals construction projects in Shandong Province to stop trial production without exception. Subsequently, the Office of People's Government of Shandong Province and Shandong Province Administration of Work Safety on 23 October 2015 jointly issued the Circular on Further Strengthening the Safety Management of Trial Production of Chemical Construction Project (Lu An Ban Ming Dian [2015] No.9) (《關於進一步加強化工建設項目試生產環節安全管理的通知》(魯安辦明電[2015] 9號)), slowing down the acceptance and approval for trial production of hazardous chemicals construction projects. This has delayed the approval progress for the additional production facilities of Dongao Chemicals ("**Phase II Dongao Chemicals**"), which the Group has a priority to lease. As such, Phase II Dongao Chemicals was unable to commence production during the year 2015, delaying the production of additional 40,000 tonnes of mononitrotoluene. However, initial costs, such as administrative and personnel expenses, were recorded during the year, imposing pressure on the Group's gross profit; and

(4) One-off expenses of approximately RMB19.7 million were incurred for Listing, causing administrative expenses to rise. Due to a number of factors, the Group recorded profit attributable to owners of the parent of approximately RMB102.3 million in 2015, representing a decrease of approximately 29.4% compared with approximately RMB144.9 million in 2014. Excluding the one-off Listing expenses, adjusted net profit would amount to approximately RMB121.0 million, representing a decrease of approximately 19.5% from the same period last year.

DSD acid and other dye intermediates – accounting for 63.0% of total revenue (2014: 79.4%)

For the year ended 31 December	**2015**	2014	Change
Revenue (RMB million)	**552.1**	712.4	-22.5%
Sales volume (Tonnes)	**33,304**	33,498	-0.6%
Gross profit margin	**34.5%**	39.5%	-5.0 percentage points
Average unit selling price (RMB/Tonne)	**16,577**	21,268	-22.1%

The Group is the world's largest manufacturer of DSD acid. DSD acid is mainly used in the production of optical brightening agents (OBA), and its end applications include brightening elements of bleach for textile, brightening of paper and detergents. During the Review Year, the Group's products continued to be benefited from the stable demand of OBA by paper and detergents, and sales volume of DSD acid and other dye intermediates remained stable.

During the Review Year, as a result of lower average selling prices, DSD acid and other dye intermediates contributed to the Group's revenue of approximately RMB552.1 million, representing a decrease of approximately 22.5% compared with the same period last year, while revenue from this segment accounted for approximately 63.0% (2014: 79.4%) of total revenue. Due to lower average selling prices, gross profit from the segment decreased by approximately 32.3% to approximately RMB190.4 million, while gross profit margin dropped by 5.0 percentage points to approximately 34.5% from approximately 39.5% in 2014. Benefit from our strong bargaining power and high-quality products, we were still able to maintain a relatively high gross profit margin.

DMSS and other pigment intermediates – accounting for 21.2% of total revenue (2014: 20.6%)

For the year ended 31 December	**2015**	2014	Change
Revenue (RMB million)	**185.5**	185.0	0.3%
Sales volume (Tonnes)	**5,690**	5,415	5.1%
Gross profit margin	**35.7%**	33.0%	2.7 percentage points
Average unit selling price (RMB/Tonne)	**32,606**	34,172	-4.6%

The Group is the world's largest DMSS manufacturer and seller. Meanwhile, the Group is also the world's second largest manufacturer of other major pigment intermediates such as dimethyl acetylsuccinate ("**DMAS**") and diisopropyl succinate ("**DIPS**"). DMSS and other pigment intermediates have wide applications, which are mainly used in printing ink, food additives, and high-performance pigments such as automotive paints and coatings. As high performance pigments outperform ordinary pigments in various areas including heat resistance and light resistance, it is expected that the market demand for high performance pigments will gradually increase, and the Group's pigment intermediates segment will also benefit from it.

During the year, the Group actively explored DMSS and DATA market. Having benefited from lower costs and the depreciation of the RMB, the Group provided customers with favourable commercial terms and was able to attract overseas buyers to capture more market share. Under the adverse market condition that the selling price decreased by approximately 4.6%, through improving the sales volume and expanding the market share, the revenue of DMSS and other pigment intermediates segment of the Group has been increased. Overall gross profit from this segment rose by approximately 8.5% to approximately RMB61.1 million. Gross profit margin from the segment increased by 2.7 percentage points to approximately 35.7%.

Mononitrotoluene, OT and others – accounting for 15.8% of total revenue (2014: 0)

For the year ended 31 December	2015	2014	Change
Revenue (RMB million)	**138.1**	–	–
Sales volume (Tonnes)	**16,453**	–	–
Gross profit margin	**9.5%**	–	–
Average unit selling price (RMB/Tonne)	**8,394**	–	–

In order to further enrich its product portfolio, the Group actively implemented its upstream and downstream product integration strategy during 2015. Since January 2015, the Group has leased Phase I Dongao Chemicals to produce mononitrotoluene, and began production in February 2015.

Mononitrotoluene generates three chemical materials simultaneously through chemical process, namely PNT, ONT and MNT. PNT is a major raw material for DSD acid production. After achieving its own production of mononitrotoluene, the Group is able to control the upstream supply of raw materials. In addition, ONT and OT are important intermediates in the production of herbicides, and the production of mononitrotoluene will further expand the Group's portfolio of downstream products and provide new sources of revenue. The Group expects that the continuous growth of the demand for herbicides will promote the rapid development and growth of the segment.

During the Review Year, through a period of operation and technical upgrades, the Group further developed the market of ONT and OT products and expanded its market share. Meanwhile, the research and development department of the Group also carried out technical upgrade in terms of production technology, thereby reducing production costs, improving product quality and further enhancing the market competitiveness of the Group's products. In the fourth quarter of 2015, the capacity utilization rate of mononitrotoluene increased to 80% with 100% sales/production ratio. This segment contributed revenue of approximately RMB138.1 million to the Group, accounting for approximately 15.8% of total revenue. Gross profit from the segment amounted to approximately RMB13.1 million and gross profit margin was 9.5%. Mononitrotoluene, OT and other products had lower gross profit margins compared with the Group's other products, as this segment was in an early business development stage, intense market competition as well as higher initial production costs.

EXPORT

In 2015, the export revenue of the Group amounted to approximately RMB383.5 million, representing a decrease of approximately RMB89.8 million or 19.0% as compared to the export revenue of approximately RMB473.3 million in 2014, mainly due to the decrease in average sales price of DSD acid and other dye intermediates.

In 2015, the export revenue attributed approximately 43.8% of the total revenue, representing a decline as compared to approximately 52.7% in 2014, mainly because the revenue of mononitrotoluene, OT and other new products amounting to approximately RMB138.1 million was all derived from domestic sales in 2015.

RESEARCH AND DEVELOPMENT

The Group will continue to place emphasis on and devote more resources into the Group's research and development activities. In 2015, with regard to new product development, the Group actively sought cooperation with downstream manufacturers to develop new products to respond to movements in market demand and new demand for intermediates arising from downstream products. Synthesis procedures were completed for two new products and pilot testing had been completed for two new products. Regarding to improving existing products, the Group made use of the advantage possessed by its Hebei Dye and Pigment Intermediates Engineering Technology Research Centre（河北省染料與顏料中間體工程技術研究中心）and completed 20 engineering technical modification projects in relation to enhancing technical standards, energy saving and promotion of environmental protection. Particularly, the production technology of methyl benzoic acid,2,3,4,5-tetrachloro-6-cyano ("**TCCBM**"), DATA and other products had been improved, which will be implemented in the Group's production in 2016 and is expected to further reduce production costs. Further research was made on subsequent processing of by-products of DSD acid to increase their commercial value. Technical adjustments were made to systems of Phase I Dongao Chemicals to solve issues identified during the trial operation.

As at 31 December 2015, the application for three patents had been completed, and such patented technologies are expected to save energy, increase utilisation rate and reduce costs during production when implemented. In the future, the Company will continue to increase its efforts on research and development to develop and accumulate new technologies and focus on creating and implementing clean production technologies. The Company believes that its strength in this respect will ensure the competitiveness of its products in the market and secure forces which can propel its further growth and development.

OUTLOOK

The business environment was full of challenges in 2015. To cope with the plunge in crude oil price, the Group took the initiative to lower its product prices to maintain its competitiveness. The management believes that there is a low likelihood that the price of crude oil will further decline sharply, but expects it to rebound and stabilize in 2016. In general, under the Group's cost-plus pricing model, the increase in crude oil price will result in the gradual increase in the prices of the Group's products, and thus improve the profitability of these products. On the other hand, the accelerated urbanisation in the PRC drove up the demand for daily consumer goods and provided new growth drivers for each of the business segments of the Group.

The Directors expect that the consumption of the Group's various products will rise steadily in the coming years. Among which the global market consumption of DSD acid is expected to increase to 69,000 tonnes by 2019 at a CAGR of 5.7%. For other segments, the global market consumption of DMSS and DMAS will grow at a CAGR of 4.9% and 4.1%, respectively, in the next four years, showing sustained and stable growth potential. To seize market opportunities, the Group will actively implement the following four strategies:

First, in order to enhance and upgrade its existing production process, the Group is actively developing hydrogenation technology to produce DSD acid. Compared to the existing iron powder reduction technology, hydrogenation technology is more environment-friendly and in compliance with the national industry development trend. In view of this, the Group started to build a new plant in three phases in Dongying, Shandong Province in 2015. The construction of the first phase with a capacity of 20,000 tonnes of DSD acid is expected to complete in the first half of 2016. The Group will upgrade its current production technology based on the future demand of the market and the policy changes of the industry as and when appropriate.

At the same time, the Group will further enhance the capacity of its key products. The downstream product of pigment intermediates DMAS is mainly used for food yellow colours, agricultural-used chemicals and food additives. The Group's annual designed production capacity of DMAS is expected to be increased to 4,500 tonnes from the existing 1,500 tonnes. The additional production capacity is expected to be commenced in the fourth quarter of 2016 and make significant contributions to the revenue of the Group. On the other hand, in order to implement its upstream and downstream integration strategy, the Group began its own production of mononitrotoluene in early 2015. The Phase I Dongao Chemicals has commenced production, with an annual designed production capacity of 40,000 tonnes of mononitrotoluene, and the Phase II Dongao Chemicals commenced production in March 2016, with an additional annual designed capacity of 40,000 tonnes of mononitrotoluene. The enlarged annual designed production capacity of 80,000 tonnes of mononitrotoluene is expected to meet 80% of the Group's demand for PNT, a raw material for DSD acid. This would not only reduce external purchases of PNT raw material, but also can effectively control the supply and demand of PNT, making the production of DSD acid more stable.

In addition to upgrading production process and increasing production volume, the Group will also increase investment in new products. As the production of ONT and OT will bring an additional source of revenue and diversify business risks of the Group. In the coming year, the Group will strengthen the bargaining power, discourse right and the market share of ONT and OT. Meanwhile, the Group is conducting a research on the large-scale production of 4-chloro-2.5-dimethoxyaniline ("**CDMA**"), a new pigment intermediate, which is mainly used in the production of pigment yellow 83 and can be widely applied in the colouring of plastic materials such as PVC. With the strong market demand for the light resistance and heat resistance of pigments, the Group expects CDMA, which is used in high performance pigments, to benefit from it and become a new growth driver for the Group in the future.

To further consolidate the market position of each segment, the Group will explore mergers and acquisitions in the market with great potential to pursue the Group's long-term goals of upstream and downstream expansion. Looking ahead, the management of the Company has full confidence in the future prospects of the Group and believes that greater returns can be created for the Company and the shareholders of the Company (the "**Shareholders**") in the coming year.

FINANCIAL REVIEW

REVENUE AND GROSS PROFIT

In 2015, the revenue and gross profit amounted to approximately RMB875.7 million and approximately RMB269.8 million, respectively, representing a decrease of approximately RMB21.8 million and approximately RMB72.4 million or 2.4% and 21.2% from approximately RMB897.5 million and approximately RMB342.2 million, respectively, in 2014. In 2015, the gross profit margin of the Group was 30.8%, as compared to 38.1% in 2014. The decrease in the Group's gross profit margin was mainly due to the continuous decrease in raw materials price which affected the average sales price and the profit of DSD acid and other dye intermediates, and a lower gross profit margin of new products such as ONT/OT and NMP.

NET PROFIT AND NET PROFIT MARGIN

In 2015, the net profit of the Group was approximately RMB102.3 million, representing a decrease of approximately RMB69.2 million or 40.3% as compared to approximately RMB171.5 million for 2014. In 2015, the net profit margin of the Group was 11.7%, as opposed to 19.1% for 2014.

In 2015, the net profit attributable to owners of the parent of the Group was approximately RMB102.3 million, representing a decrease of approximately RMB42.6 million or 29.4% as compared to approximately RMB144.9 million for 2014. In 2015, the net profit attributable to owners of the parent of the Group was 11.7%, as opposed to 16.1% for 2014.

In 2015, the net profit attributable to owners of the parent of the Group (before charging listing expenses of approximately RMB19.7 million to administrative expenses) was approximately RMB121.0 million, representing a decrease of approximately RMB29.3 million or 19.5% as compared to approximately RMB150.3 million for 2014 (before charging listing expenses of approximately RMB7.6 million to administrative expenses).

OTHER INCOME AND GAINS

In 2015, other income and gains of the Group amounted to approximately RMB18.7 million, representing an increase of approximately RMB2.8 million as compared to approximately RMB15.9 million for 2014, mainly due to a grant of RMB3.5 million received from the government of Hebei Province and Cangzhou of the PRC in 2015 as an incentive for the successful Listing.

SELLING AND DISTRIBUTION EXPENSES

In 2015, selling and distribution expenses amounted to approximately RMB34.1 million, representing an increase of approximately RMB8.8 million as compared to approximately RMB25.3 million in 2014. The increase in selling and distribution expenses was mainly due to the increase in the transportation fees, packaging fees and handling fees caused by the additional sales of the new products such as ONT/OT and NMP. In 2015, selling expenses represented 3.9% of the Group's revenue (2014: 2.8%).

ADMINISTRATIVE EXPENSES

In 2015, administrative expenses amounted to approximately RMB93.9 million, representing an increase of approximately RMB4.2 million as compared to approximately RMB89.7 million for 2014. The increase in administrative expenses was mainly due to Listing expenses of approximately RMB19.7 million being recognised during 2015 (2014: approximately RMB7.6 million). In 2015, administrative expenses represented approximately 10.7% of the Group's turnover (2014: approximately 10.0%), whereas administrative expenses after excluding such Listing fees represented approximately 8.5% of the Group's turnover (2014: approximately 9.1%). Furthermore, since Tsaker Beijing was in early operation in 2014, the research and development expenses were higher due to the one-off expenditures of research materials, glass containers and small devices and equipment, therefore, there was a decrease of approximately RMB4.0 million in relevant expenses for 2015 than 2014. Through strong internal management, the Group also reduced its expenses for traveling, vehicle use and hospitality by approximately RMB3.6 million from 2014.

FINANCE COSTS

In 2015, finance costs amounted to approximately RMB7.3 million, representing a decrease of approximately RMB4.3 million as compared to approximately RMB11.6 million in 2014, mainly attributable to the increase of capitalisation of interest expenses to the additional construction projects and the decrease in the interest rate of bank loans.

OTHER EXPENSES

In 2015, other expenses of the Group was approximately RMB1.2 million, representing a decrease of approximately RMB3.3 million as compared to approximately RMB4.5 million for 2014, mainly due to loss on fixed assets disposal amounting to approximately RMB0.24 million for 2015 as opposed to approximately RMB2.6 million for 2014.

EXCHANGE LOSS

In 2015, exchange loss of the Group amounted to approximately RMB4.2 million, representing an increase of approximately RMB3.4 million as compared to approximately RMB0.8 million for 2014, mainly due to the weakened RMB against United States dollars ("**USD**"). As at 31 December 2015, exchange loss of approximately RMB8.4 million was incurred for offshore RMB time deposits of RMB300.0 million.

INCOME TAX EXPENSES

The PRC subsidiaries of the Group are generally subject to the EIT at a rate of 25%.

In 2015, income tax expenses amounted to approximately RMB45.5 million, representing a decrease of approximately RMB9.2 million as compared to approximately RMB54.7 million in 2014, mainly attributable to the decrease in taxable profit, and partially set off by the deferred income tax.

CASH FLOWS

In 2015, the Group generated net cash flow from operating activities of approximately RMB39.3 million, representing a decrease of approximately RMB248.0 million as compared to approximately RMB287.3 million in 2014, primarily due to (i) the decrease in sales price of DSD acid and other dye intermediates and DMSS and other pigment intermediates in 2015, leading to a decrease in the cash inflow; whereas the decrease of the raw material price, partially offset the decrease in the cash inflow, so the net cash inflow decreased by approximately RMB117.2 million; (ii) Tsaker Chemical Dongying Co., Ltd. ("**Tsaker Dongying**") officially commenced operation since February 2015, and the higher costs in operating and market exploring at the initial stage, the cash outflow increased by approximately RMB93.5 million compared to that in 2014; (iii) the Group's EIT is paid by quarterly in advance and settled annually. In 2015, the Group paid additional amount for the annual settlement occurred in 2014, which was RMB15.6 million more than that in 2014, as well as the additional prepaid EIT in the amount of approximately RMB13.6 million; and (iv) the listing fees recorded under the administrative expenses, amounting to approximately RMB19.7 million in 2015 (2014: approximately RMB7.6 million).

In 2015, the Group's net cash flows used in investment activities was approximately RMB214.0 million, representing an increase of approximately RMB93.2 million as compared to approximately RMB120.8 million in 2014, primarily as a result of payment of the construction of new production plant and purchase of machines and equipment by Tsaker Dongying amounting to approximately RMB114.2 million, payment of land premium of approximately RMB32.8 million in 2015.

In 2015, the Group generated net cash flows from financing activities of approximately RMB266.7 million, representing an increase of approximately RMB359.1 million as compared to the net cash flow used in financing activities of approximately RMB92.4 million in 2014, mainly because (i) in 2015 the net proceeds increased by approximately RMB244.1 million compared to that in 2014; (ii) in 2015, the bank loans, other loans and domestic loans under overseas guarantee decreased by approximately RMB19.8 million compared to that in 2014; (iii) in 2015, an increase in related party settlement amounted to approximately RMB26.2 million compared with 2014; and (iv) the dividend payment of approximately RMB31.0 million in 2014.

LIQUIDITY AND CAPITAL STRUCTURE

In 2015, the daily working capital of the Group was primarily derived from internally generated cash flow from operations and bank borrowings. As at 31 December 2015, the Group had (i) cash and cash equivalents of approximately RMB192.9 million, in which approximately 138.8 million was denominated in RMB and approximately 54.1 million in other currencies (USD and HKD) (31 December 2014: approximately RMB95.5 million, in which approximately 16.7 million was denominated in RMB and approximately 78.8 million in other currencies (USD and HKD)); (ii) restricted cash of RMB300.5 million; and (iii) interest-bearing bank borrowings of approximately RMB317.3 million with interest rate of 4.35%-8.40% per annum (31 December 2014: approximately RMB81.0 million with interest rate of 5.88%-8.10% per annum), denominated in RMB and repayable within one year.

In 2015, the Group did not use any risk hedging instrument or have any borrowing or hedge in its foreign currency investment.

GEARING RATIO

As at 31 December 2015, the Group's gearing ratio was 37.7% as compared to 36.4% as at 31 December 2014, which is calculated at interest-bearing loans and other financial liabilities at the end of the period divided by the total equity.

CURRENT ASSETS

As at 31 December 2015, total current assets of the Group amounted to approximately RMB863.5 million (as at 31 December 2014: approximately RMB321.1 million), primarily consisting of inventories of approximately RMB77.9 million (as at 31 December 2014: approximately RMB60.4 million), trade and bill receivables of approximately RMB234.3 million (as at 31 December 2014: approximately RMB147.7 million), prepayments, deposits and other receivables of approximately RMB44.2 million (as at 31 December 2014: approximately RMB17.1 million), cash and cash equivalents of approximately RMB192.9 million (as at 31 December 2014: approximately RMB95.5 million) and restricted cash of approximately RMB300.5 million (as at 31 December 2014: approximately RMB0.5 million).

INVENTORIES

Inventories of the Group mainly include raw materials, work-in-progress and finished products. The turnover days for inventories decreased from 49 days for 2014 to 42 days for 2015, mainly due to the improved turnover rate resulting from enhanced ordinary management of inventory levels and proper arrangements for procurement, production, sales and stocks.

TRADE RECEIVABLES AND BILLS

	31 December 2015	31 December 2014
	RMB'000	*RMB'000*
Trade receivables	**163,184**	115,097
Notes receivables	**71,080**	32,566
	234,264	147,663

As at 31 December 2015, trade receivables and bills of the Group significantly increased as compared to those of last year, mainly due to credit periods of approximately 60 days extended to customers to enlarge the market share of new ONT/OT and NMP products, which were longer than those for other products.

The turnover days for trade receivables and bills increased from 44 days for 2014 to 58 days for 2015.

As at 15 March 2016, approximately RMB140.1 million or 85.8% of the trade receivables outstanding as at 31 December 2015 were settled.

PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

As at 31 December 2015, prepayments, deposits and other receivables of the Group significantly increased as compared with last year to approximately RMB44.2 million in aggregate, mainly due to the prepaid corporate income tax of approximately RMB13.8 million and the increase of approximately RMB12.9 million in prepaid construction costs of Tsaker Dongying.

CURRENT LIABILITIES

As at 31 December 2015, total current liabilities of the Group amounted to approximately RMB606.8 million (as at 31 December 2014: approximately RMB359.8 million), primarily consisting of trade payables of approximately RMB193.1 million (as at 31 December 2014: approximately RMB149.1 million), other payables and accruals of approximately RMB96.4 million (as at 31 December 2014: approximately RMB107.3 million) and interest-bearing bank borrowings of approximately RMB317.3 million (as at 31 December 2014: approximately RMB81.0 million).

TRADE PAYABLES

The turnover days for trade payables increased from 92 days in 2014 to 103 days in 2015, mainly due to the increase of approximately RMB30.8 million in construction costs included in trade payables of Tsaker Dongying as at 31 December 2015 as compared to 31 December 2014. As construction costs are paid based on progress of the project, the credit periods of construction costs payable are longer than those of ordinary trade payables.

OTHER PAYABLES AND ACCRUALS

As at 31 December 2015, other payables and accruals of the Group amounted to approximately RMB96.4 million in aggregate, representing a decrease of approximately RMB10.9 million as compared to those of last year, mainly due to amounts due to related parties fully settled in the first half of 2015.

PLEDGE OF ASSETS

As at 31 December 2015, certain of the Group's buildings, lands and deposit account with a net carrying amount of approximately RMB336.97 million (31 December 2014: approximately RMB62.4 million) were pledged to secure bank loans granted to the Group.

MATERIAL ACQUISITIONS AND DISPOSALS

Save for the acquisitions and/or disposals during the reorganisation of the Group for Listing, the details of which are set out in the prospectus of the Company dated 23 June 2015 (the "**Prospectus**"), there were no material acquisitions and disposals of the Group, its associated companies or joint ventures for the year ended 31 December 2015.

According to the assets leasing agreement signed on 17 March 2016 with Dongao Chemical, Tsaker Dongying has the first right of refusal to purchase the leasing assets. Based on the strategic and business development, the Group is cautiously considering to acquire the entire assets of Dongao Chemicals.

SUBSIDIARIES NEWLY ESTABLISHED

On 21 September 2015, Tsaker Beijing established a 100% owned subsidiary, Tsaker (Beijing) Investment Management Company Limited (彩客(北京)投資管理有限公司) ("**Tsaker Investment**"), the registered capital of which amounted to RMB30 million. The scope of business of Tsaker Investment includes investment management and consultancy and assets management.

On 4 December 2015, Tsaker Investment established, and held 30% of, Tibet Winshare Equity Investment Co., Ltd. (西藏文軒股權投資有限公司) jointly with Winshare Investment Co., Ltd. (文軒投資有限公司) and Lhasa Hinthai Investment Co., Ltd. (拉薩軒泰投資有限公司) with registered capital amounting to RMB1 million. The scope of business of Tibet Winshare Equity Investment Co., Ltd. (西藏文軒股權投資有限公司) includes investment management, equity investment, investment consultancy (excluding finance and brokerage), financial advisory and consultancy for corporate assets reorganization, mergers and acquisitions.

On 25 December 2015, Tsaker Investment, jointly with Tibet Winshare Equity Investment Co., Ltd. (西藏文軒股權投資有限公司) and Winshare Investment Co., Ltd (文軒投資有限公司), established Tibet Winshare Equity Venture Capital Fund Partnership (Limited Partnership) (西藏文軒創業投資基金合夥企業(有限合夥)). Tsaker Investment is the limited partner committed with RMB30.0 million. The scope of business of Tibet Winshare Equity Venture Capital Fund Partnership (Limited Partnership) (西藏文軒創業投資基金合夥企業(有限合夥)) includes investment management, equity investment, investment consultancy (excluding finance and brokerage), financial advisory and consultancy for corporate assets reorganization, mergers and acquisitions.

SIGNIFICANT INVESTMENTS

For the year ended 31 December 2015, the Group did not hold any significant investment.

CONTINGENT LIABILITIES

For the year ended 31 December 2015, the Group did not have any significant contingent liabilities.

EVENT AFTER THE REVIEW PERIOD

On 17 March 2016, Tsaker Dongying entered into an assets leasing agreement with Dongao Chemicals in relation to the lease of production equipment for production of an additional 40,000 tonnes of mononitrotoluene (consisting of PNT, ONT and MNT) and the operation commenced on the same date. For details, please refer to the announcement dated 17 March 2016 of the Company.

FOREIGN EXCHANGE RISK

The foreign exchange risk refers to the risk of loss caused by fluctuation in exchange rate. The foreign exchange risk of the Group is mainly related to its operating activities. Along with the continuous expansion of the export business scale, the operation of the Group may be affected by the future fluctuation in exchange rate. The Group is actively monitoring the impact of change in currency exchange rates on the Group.

The Group currently does not have in place any hedging policy for foreign currency. However, the Board will remain alert to any relevant risk and, if necessary, consider hedging any potential material foreign exchange risk.

EMPLOYEES AND REMUNERATION POLICIES

The Group has established its human resources policies and procedures with a view to deploying the incentives and rewards of the remuneration system which include a wide range of training and personal development programs to the employees.

In 2015, the Group, aiming to systematically achieve excellence in personnel management in line with the philosophy of the Company, established Tsaker Chemical Leadership Building Centre（彩客化學領導力培養試驗中心）to offer online and offline training. Under the model of key qualities and competence for the management as established by the Company, a training system divided into three stages, namely self-management, work management and personnel management, was implemented; To raise staff awareness of safety and environmental protection and new national regulations and requirements relating to safety and environmental protection. The Group also organised relevant training to facilitate prompt deficiency identification and active measures for mitigating relevant risks and strengthening relevant management. In addition, online training on supplier management modules was provided to employees.

The remuneration package offered to the staff was in line with the duties and the prevailing market terms. Staff benefits, including pension, medical coverage, provident funds, etc., are also provided to employees of the Group.

As at 31 December 2015, the Group had 1,437 employees (2014: 1,500).

For the year ended 31 December 2015, the total staff costs of the Group (including salaries, bonuses, social insurances and provident funds) amounted to approximately RMB99.1 million (2014: RMB90.3 million).

APPLICATION OF PROCEEDS FROM THE LISTING

Trading of the shares of the Company on the Stock Exchange commenced on 3 July 2015 ("**Listing Date**"). The net proceeds from Listing amounted to approximately RMB378.8 million. The proceeds are used as the purposes disclosed in the Prospectus.

For the year ended 31 December 2015, the proceeds of approximately RMB37.1 million, RMB87.1 million, RMB12.4 million and RMB8.1 million have been used as the additional working capital, to expand capacity, develop new products and pay the rent of Phase I Dongao Chemicals, respectively.

REASONS FOR THE DELAYED REGULATORY APPROVAL IN RELATION TO THE PRODUCTION PLANT OF PHASE II DONGAO CHEMICALS

In the second half of 2015, the PRC suffered the exceptionally serious "8•12" fires and explosions at Tianjin Port and "8•31" massive explosions of Shandong Dongying Binyuan Chemical Co., Ltd.（山東東營濱源化學有限公司）, which caused heavy casualty and property damage.

Following the "8•31" explosions, the Shandong government office issued an emergency Circular in relation to "8•31" Explosions of Shandong Dongying Binyuan Chemical Co., Ltd. (Lu Zheng Ban Fa Ming Dian [2015] No.65) (《關於山東濱源化學有限公司「8.31」爆炸事故的通報》（魯政辦發明電〔2015〕65號）) on 1 September 2015, requiring that all trial operation of construction projects involving hazardous chemicals within Shandong be halted and that preventions be made against risks through comprehensive risk evaluation and review. On 23 October 2015, the safety committee office of the Shandong government and the Shandong Province Administration of Work Safety jointly issued the Notice in relation to Further Strengthening Safety Management of Trial Operation of Construction Projects involving Chemicals (Lu An Ban Ming Dian [2015] No.9) (《關於進一步加強化工建設項目試生產環節安全管理的通知》（魯安辦明電〔2015〕9號）), requiring comprehensive safety risk review and better trial operation proposals and that trial operation of construction projects involving hazardous chemicals be started in stages and in batches.

Tsaker Dongying planned to lease the Phase II Dongao Chemicals before the end of 2015, which would have increased the designed annual production capacity for mononitrotoluene from the current 40,000 tonnes to 80,000 tonnes by such time. Following the above explosions, however, the Shandong government has delayed the evaluation and approval of trial operation of construction projects involving hazardous chemicals and required all governmental agencies and companies in the province to carry out comprehensive safe production checks.

Dongao Chemicals consistently fulfilled requirements regarding reporting and announcing by the Shandong government by strengthening safe production management and carrying out comprehensive review and rectification of safety risks in strict compliance with relevant laws and regulations and requirements on chemicals safety management in order to prevent any incident. Dongao Chemicals actively cooperated with regulatory authorities in their inspections and further improved and standardised the trial operation proposal for Phase II Dongao Chemicals, which had not yet been leased from Dongao Chemicals. It also comprehensively reviewed the trial run of all equipment, facilities, appliances and devices and put in place all-round safety management and contingency plans which distributed relevant duties to every position and staff member. On 23 February 2016, regulatory approval on the trial operation of Phase II Dongao Chemicals was obtained. On 17 March 2016, Tsaker Dongying entered into an assets leasing agreement with Dongao Chemicals. The operation commenced on the same date and has remained normal as at the date of this announcement.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of RMB0.062 per share for the year ended 31 December 2015. The final dividend is subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company to be held on 17 June 2016 ("**AGM**") and the final dividend will be payable on 8 July 2016 to the Shareholders whose names appear on the register of members of the Company on 27 June 2016.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from 15 June 2016 to 17 June 2016, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the AGM, during which period no share transfers will be registered. To be eligible to attend the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 14 June 2016.

The register of members of the Company will also be closed from 23 June 2016 to 27 June 2016, both days inclusive, in order to determine the entitlement of the Shareholders to receive the final dividend, during which period no share transfers will be registered. To qualify for the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 22 June 2016.

CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of corporate governance.

Since the Listing Date and up to the date of this announcement, the Company has complied with all the code provisions of the CG Code set out therein except for the code provision A.2.1 of the CG Code.

In accordance with the code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company deviates from the code provision A.2.1 because Mr. Ge performs both the roles of the chairman and the chief executive officer of the Company. Since Mr. Ge has been with the Group for many years, he has a thorough understanding in our business, management, customers and products. With his extensive experience in business operation and management, the Board believes that vesting the two roles in the same person provides the Company with strong and consistent leadership and facilitates effective implementation and execution of our business decisions and strategies, and is beneficial to the business prospects and management of the Company.

Under the leadership of Mr. Ge, the Board works effectively and performs its responsibilities with all key and appropriate issues discussed in a timely manner. In addition, as all major decisions are made in consultation with members of the Board and relevant Board committees, and there are three independent non-executive Directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers and authorities between the Board and the management of the Company. To maintain a high standard of corporate governance practices of the Company, the Board shall nevertheless review the effectiveness of the structure and composition of the Board from time to time in light of prevailing circumstances.

Pursuant to code provision A.1.8 of the CG Code, the Company should arrange appropriate insurance cover in respect of legal action against the Directors. The Company has arranged an insurance in early June 2015 with 12-month coverage starting from the Listing Date in respect of legal actions against the Directors.

The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiries to the Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code for the period from the Listing Date up to 31 December 2015.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The audit committee of the Company, together with the Board and the external auditor of the Company, had reviewed the accounting standards and practices adopted by the Group and the annual results for the year ended 31 December 2015.

PUBLICATION OF THE ANNUAL RESULTS AND 2015 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.tsaker.com), and the Company's 2015 annual report containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

By Order of the Board
Tsaker Chemical Group Limited
Ge Yi
Chairman

Beijing, PRC, 29 March 2016

As at the date of this announcement, the Board comprises Mr. Ge Yi, Mr. Duan Weidong, Ms. Dong Zhongmei and Ms. Jin Ping as executive Directors, Mr. Xiao Yongzheng and Mr. Fontaine Alain Vincent as non-executive Directors, and Mr. Ho Kenneth Kai Chung, Mr. Zhu Lin and Mr. Yu Miao as independent non-executive Directors.

* *For identification purpose only*