



Forging Ahead

China SunSine Posts RMB88.3m Net Profit on Record Volume at 45,420 tons

Widens Its Lead in Accelerator Market

Launches New 15,000-ton Anti-oxidant 6PPD Plant



Forging Ahead

China Sunshine had widened its lead as one of the market leader in accelerators with its record volume sales in FY2009. We are confident to maintain this lead with our ability to improve production efficiency, deliver quality products and innovate marketing strategy. In addition to accelerators, our Group has grown organically with the launch of insoluble sulphur and antioxidant. This will allow us to further tap on the growth of the PRC automobile market as well as the recovery of the global economy.

Forging ahead, we will continue to expand our capacity and open a new market segment such as the pharmaceutical market.



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About Us

China Sunssine Chemical Holdings Ltd (“China Sunssine”) is a leading specialty chemical producer and the largest producer of rubber accelerators in PRC and the world. Our annual production capacity stands at 73,000 tons, comprising 55,000 tons of rubber accelerators, 10,000 tons of anti-oxidant TMQ and 8,000 tons of insoluble sulphur. Our customers are mainly the tire companies which rely on the automobile industry.

Our products are sold under the “Sunssine” brand (accredited as “Shandong Province Famous Brand”) and include a wide range of rubber chemicals such as accelerators, anti-oxidant TMQ, vulcanising agent insoluble sulphur, as well as anti-scorching agent CTP. Our production facilities are situated in Shanxian, near Heze City in Shandong Province.

We serve all the global top 10 tire manufacturers - Bridgestone, Michelin, Goodyear, Continental, Pirelli, Sumitomo, Yokohama, Hankook, Cooper, Kumho Tires, as well as PRC tyre giants such as Hangzhou Zhongce, GITI Tire, Shanghai Double Coin Tyre amongst our customer base of more than 700 customers in the PRC and overseas.

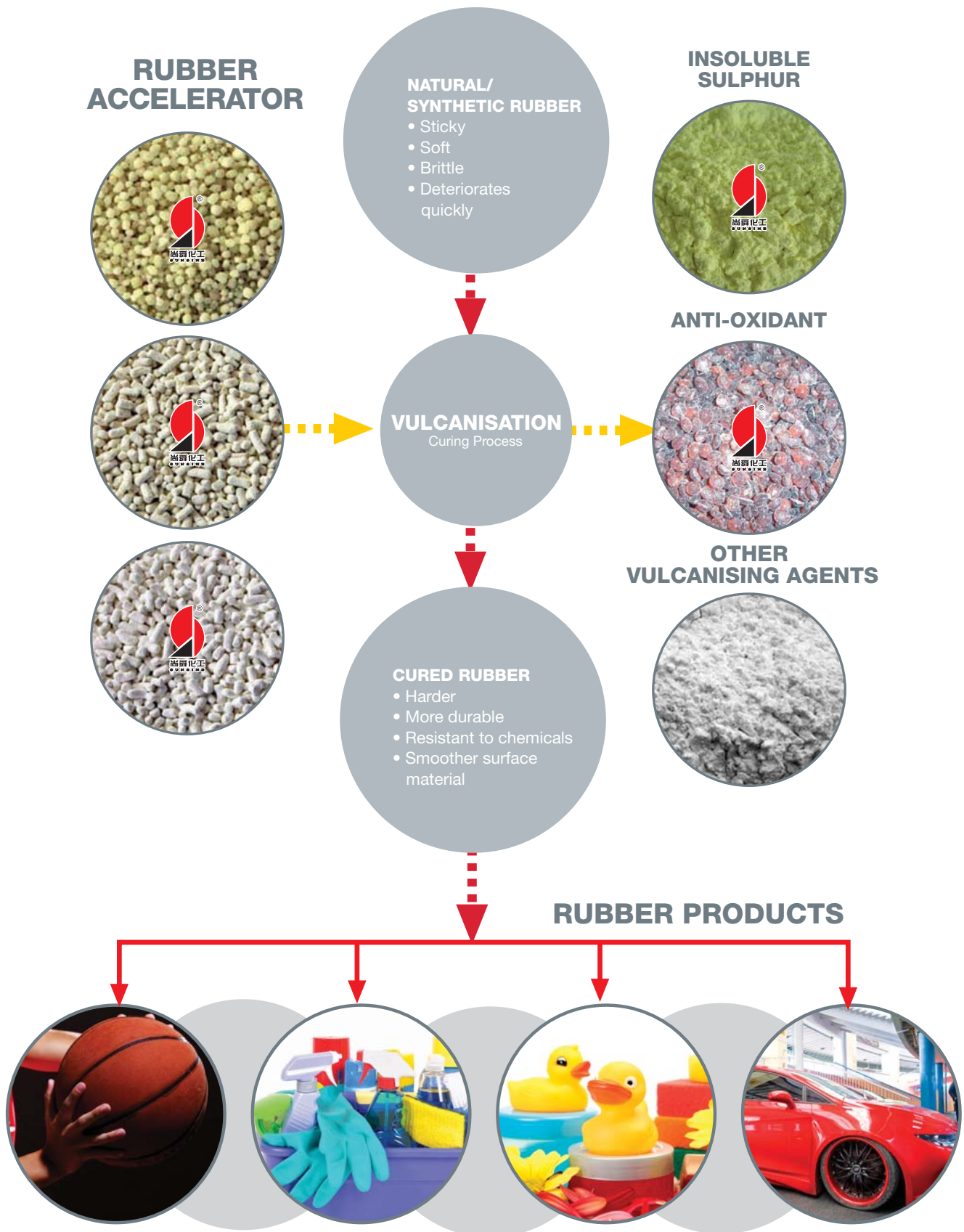
As a chemical producer serving its global customers, China Sunssine continuously improves its manufacturing and environmental protection capabilities. We have achieved ISO9001 standard for quality, ISO14001 standard for environment, and GB/T28001-2001 standard for occupational health and safety management system.

Listed on SGX-ST on 5 July 2007, it is a component stock of the FTSE-ST China Index. Its SGX and Bloomberg stock code are “ChinaSsine” and “CSSC SP Equity” respectively.



Superior Products We Offer

Essential for tires and other rubber-related products



Our Customers Are Our Focus

Serving All Top 10 Global Tire Manufacturers



Serving China's Major Tire Manufacturers

- Aeolus Tyre
- Chengshan Corp
- GITI Tire
- Double Coin Tire
- Guangzhou Pearl River Tire
- Guizhou Tire
- Hangzhou Zhongce Rubber
- Kenda Rubber
- Qingdao Rubber
- Shandong Yongsheng Rubber
- Sichuan Tire
- Xiamen Cheng Shin Rubber
- XuZhou Xulun Rubber

Financial Highlights

	2009	2008	2007
As At 31 December (RMB'million)			
Total Assets	766.3	663.1	584.2
Total Liabilities	166.9	122.6	115.3
Shareholders' Equity	599.4	540.5	468.9
Cash + AFS Investment	232.2	238.4	229.7
Bank Borrowings	50.0	–	–
Treasury Shares	13.0	6.7	–
No of Shares ('million)			
No of Ordinary Shares	477.4	484.4	491.7
No of Treasury Shares	14.3	7.3	–

For the Year (RMB'million)

Revenue	718.4	797.9	619.5
Gross Profit	160.2	226.8	125.2
Net Profit After Tax	88.3	106.7	76.1
Earnings before interest, tax, depreciation & amortisation (EBITDA)	129.3	148.1	90.3

Sales Volume (tons)

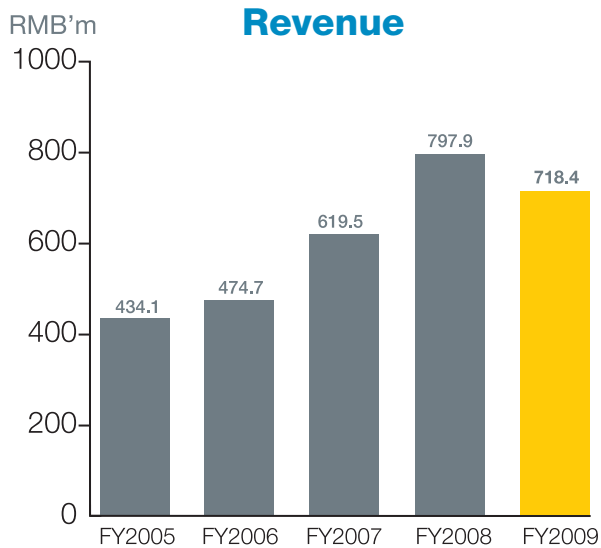
Total Volume	45,420	30,787	31,284
Accelerator	40,196	29,805	31,036
Insoluble sulphur	3,468	464	–
Antioxidants	1,361	185	–
Others	395	333	248

Financial Analysis

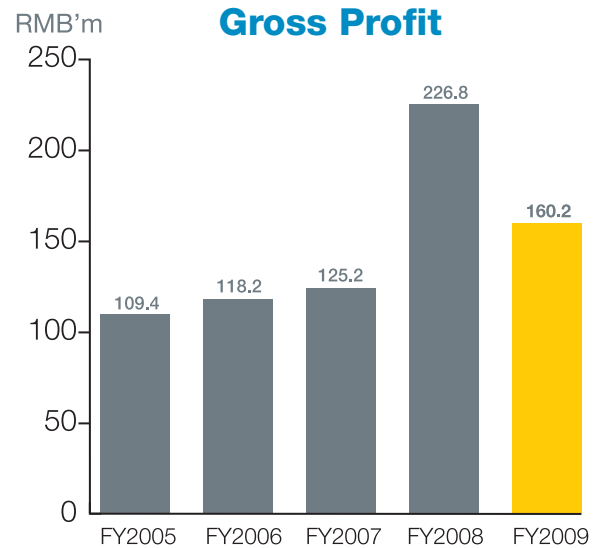
Gross Profit Margin (%)	22.3%	28.4%	20.2%
Net Profit Margin (%)	12.3%	13.4%	12.3%
EBITDA Margin (%)	18.0%	18.6%	14.6%
Current Ratio	3.3	3.9	1.1
Average YTD Trade Receivables Turnover (Days)	58	52	68
Average YTD Trade Payables Turnover (Days)	16	10	12
Average YTD Inventory Turnover (Days)	39	31	21
Return on Equity (%)	14.7%	19.7%	16.2%
Return on Asset (%)	11.5%	16.1%	13.0%
Debt/Equity Ratio	0.08	–	–
Net Gearing	Net Cash	Net Cash	Net Cash

Per Share Data

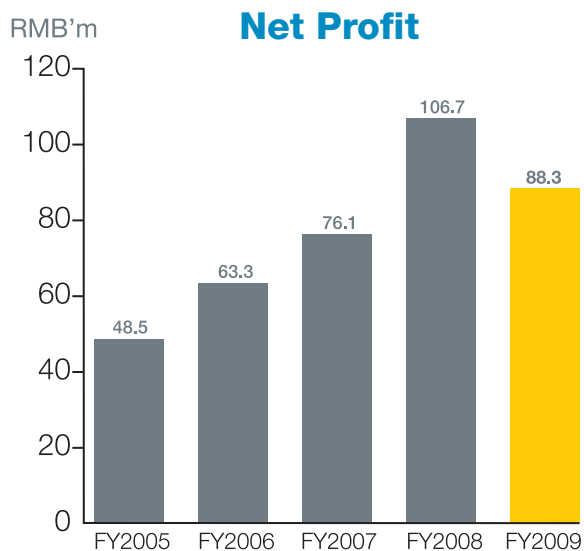
NAV per Share (RMB cents)	125.5	111.6	95.4
EPS (RMB cents)	18.41	21.77	18.22
Dividend Per Share (SGD cents)			
- Interim Dividend	1	1	1
- Final Dividend	1	–	–



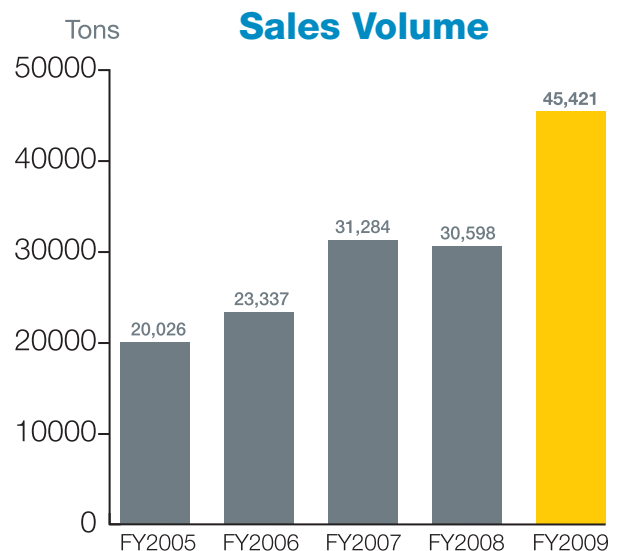
Revenue declined by 10% to RMB 718.4m was supported by record volume while the average selling price (ASP) dropped 39%. Drop in ASP was due to the economic crisis and higher ASP base in FY2008, the Olympics Year.



GP decreased by 29% to RMB160.2m was in line with the decrease in revenue and GP Margin which declined from 28.4% in FY2008 to 22.3%.



NP decreased by 17% to RMB88.3m was in line with the decrease in revenue supported by cutback of discretionary expenses.



Sales volume increased by 48% to record level on back of increase production capacity and aggressive marketing efforts.

Chairman's Message

“Having gone through several economic cycles, the Management has relevant experience to tackle the challenges that lie ahead. Despite the tough economic climate in FY2009, we sold record volume which further entrenched our lead in the market.”

A handwritten signature in white ink, appearing to be '徐成秋' (Xu Cheng Qiu), is positioned over the lower part of the photograph.

Xu Cheng Qiu
Executive Chairman
8 March 2010

DEAR SHAREHOLDERS,

On behalf of the Board of Directors of China Sunshin Chemical Holdings Ltd ("China Sunshin" or the "Group"), I am pleased to present to you a report card of the Group's financial performance for the year ended 31 December 2009 ("FY2009") and give you an update of what to expect in the current year.

REVIEW

During the year under review, we operated in a very difficult and challenging environment due to the fallout from the global financial economic crisis and its resultant impact on all businesses and industries worldwide.

However, we managed to hold our ground and produced a set of results which have exceeded our own expectations. Group net profit during the year declined 17% to RMB88.3 million from RMB106.7 million in FY2008 on a 10% decrease in revenue to RMB718.4 million compared to RMB797.9 million in FY2008, despite the significant 39% drop in the overall Average Selling Price ("ASP") during the year. Sales volume however increased to 45,420 tons in FY2009, a 48% increase from 30,787 tons a year ago. Our ability to improve the production efficiency and produce consistently high quality products along with our relentless marketing efforts helped to achieve our goal of increasing our market share. These efforts further entrenched our position as the largest rubber accelerator producers in China and one of the largest in the world.

During the year, we continued to grow our business in both the domestic (PRC) and overseas markets. In the PRC, in line with its booming car industry, the proportion of sales to the domestic market increased to 61% in FY2009 as compared to 56% in FY2008. At the same time, we added another 100 new customers making a total of over 700 customers. We also continued to serve more than 50% of the Global Top 75 tire makers including all the Top 10 manufacturers such as Bridgestone, Goodyear, Continental as well as PRC tire giants such as Hangzhou Zhongce, GITI Tire and Double Coin Tire.

To satisfy the increased demand for our products, we have completed a series of expansion plans. At year end, the total capacity of rubber accelerator was expanded to 55,000 tons per annum and the annual capacities of anti-oxidant TMQ and insoluble sulphur also increased to 10,000 tons and 8,000 tons respectively.

Our new 7,000 ton MBTS plant is able to produce 3,000 ton p.a. for medical grade, which should help us to enter the huge pharmaceutical market.

During the year, the Group also embarked on a RMB200 million project to build a new facility to produce anti-oxidant 6PPD which is widely used in the manufacture of tires and other products. This project was designed with a production capacity of 30,000 tons per annum. Phase I construction for 15,000 tons capacity is expected to be completed in 3Q2010.

Not forgetting our corporate social responsibility, the Group has invested substantially in environmental protection projects such as re-engineering our production process, developing biological waste water treatment technology, upgrading waste water treatment plant and acquiring advanced waste gas

recycling facilities. Our excellent environmental performance was accredited by the local and provincial governments as well as our some of our customers.

OUTLOOK

As we move into the new year, we have seen improvements and stabilization in the economy. In particular, the international tire sector appears to have stabilized while the PRC market has shown and is expected to show good growth.

Last year, vehicle sales in the PRC rose 45% to 13.6 million units, overtaking the US as the world's largest automobile market. In a bid to capture the PRC market, global tire giants have continuously expanded their investments in the PRC. No tire companies would ignore the huge market potential in PRC and we are well-positioned to tap the domestic market for further growth.

Having completed several expansion projects in FY2009, we are now busy undertaking existing and new expansion projects this year. They include:

- Complete construction of our new 15,000 tons 6PPD plant in Facility 2,
- Increase the annual capacity of our existing insoluble sulphur plant to 10,000 tons,
- Double the annual capacity of our existing DCBS (DZ) to 3,000 tons, and
- Complete construction of an R&D centre, office building, workers' canteen and rest quarters at Facility 2.

As the Group has maintained a healthy balance sheet with substantial cash flow, we expect to grow stronger by increasing our capacity and expanding

our asset base. Whilst we expand and grow, we also bear in mind the importance of environment protection. It is our belief that our business will be sustainable when we operate in harmony with the environment and communities around us.

Having gone through several economic cycles, we have the relevant experience to manage challenges ahead. With the improvement in the economy, we are confident that we shall remain profitable in the current year.

DIVIDEND

We have declared an interim tax exempt dividend SGD 1 cent on 6 May 2009 in view of our FY2008 result. To reward our shareholders for the FY2009 results, the Directors have recommended a final tax exempt dividend of SGD 1 cent per ordinary share. This brings the total dividend payout for FY2009 to SGD 2 cents.

APPRECIATION

I would like to express the Group's appreciation to our customers, suppliers and business associates for their continuous support. I would also like to express my gratitude to my fellow Board members, management and staff for their hard work and dedication throughout the challenging period in FY2009.

Finally, on behalf of the Board, I would like to thank all of you, our valued shareholders, for your trust in and support given to us.

To reward our shareholders for the FY2009 results, the Directors have recommended a final tax exempt dividend of SGD 1 cent per ordinary share.

主席致辞

“经历了这么多年经济的起起伏伏，我们的管理团队积累了丰富的管理经验以应对今后的挑战。虽然2009年度经济环境十分严峻，我们的销售量却再创新高，进一步巩固了我们的市场领先地位。”

尊敬的股东：

我代表中国尚舜化工控股有限公司（“中国尚舜”或“集团”）董事会，很高兴向您呈报截至2009年12月31日本集团年度财务业绩以及今年的工作计划。

回顾

2009年，由于受到全球金融危机及其对全球各行业带来的冲击的影响，我们的经营环境非常严峻。

但是，我们沉着应对、稳扎稳打，取得了超出我们预期的经营业绩。2009年集团净利润从2008年的1.067亿元人民币下降至8830万元人民币，降幅为17%；营业收入从2008年的7.979亿元人民币降至7.184亿元人民币，下降了10%。这主要是因为2009年的产品整体平均销售价格大幅下跌了39%。但是，2009年我们的销售量再次创下了历史新高，达到45,420吨，比2008年的30,787吨激增了48%。我们努力提高生产效率，保障生产优质、稳定的产品，再加上我们行销人员的不懈努力，实现了扩大市场份额的目标，这也进一步巩固了我们作为中国最大的橡胶促进剂生产商地位，同时也使我们跻身世界最大橡胶促进剂生产商之列。

2009年，我们继续在国内和海外市场扩展业务。中国蓬勃发展的汽车产业，带动我们的国内市场销售比例从前一年的56%增加到61%。同时，我们又增加了100多个新客户，使客户总数达到700多个。我们还继续为超过一半的全球75家最大轮胎制造商提供产品和服务，其中包括全球前10大轮胎制造商，如普利司通、固特异、大陆轮胎以及中国的轮胎巨头杭州中策、佳通轮胎和双钱轮胎等等。

为了满足客户对我们产品的不断需求，我们已经完成一系列的扩展计划。到2009年年底，橡胶促进剂总的年产能扩大到5.5万吨，抗氧化剂TMQ和不溶性硫磺的年产能也分别扩大到了1万吨和8,000吨。

我们新厂区的MBTS车间产能达到了7,000吨，并能够生产3,000吨医药级MBTS，这将有助于我们进入新的巨大的医药市场。2009年，集团宣布实施一个新项目，拟投资2亿元人民币建设新的抗氧化剂6PPD生产车间，该产品在轮胎和其他橡胶产品的应用更为广泛。该项目设计年产能3万吨，第一期工程为1.5万吨产能，预计在2010年第三季度完成。

同时我们不会忘记我们的社会责任。公司先后投资近亿元用于生产工艺改造，研发生物污水处理技术，提升废水处理设施以及增添先进的废气和热能回收装置等等，努力打造“绿色环保企业”。我们在环保方面的成效也得到了省市环保部门以及客户的肯定。

展望

当迈向新的一年，我们看到经济正走向稳定。特别是国际轮胎行业已经稳定下来，而中国内地轮胎市场已经呈现良好的增长态势。

2009年，中国内地汽车销量增长45%至1360万台，超越美国成为世界上最大的汽车销售市场。近几年，世界轮胎巨头也不断地扩充在中国的投资，这证明了中国汽车市场的巨大潜力。我们会更好地利用这一市场优势。

完成了2009年的扩建项目，我们现在正忙着新的扩建计划。它们包括：

- 新厂区建设1.5万吨的6PPD生产车间；
- 将现有的不溶性硫磺车间产能扩大到1万吨；
- 将DCBS (DZ) 车间产能扩大到3,000吨；以及
- 完成在新厂区研发中心、办公楼、职工食堂和宿舍设施的建设

集团一直保持着相当充沛的现金流，拥有健康的资产负债表，我们将通过产能和资产的扩张而变得更为壮大。除了追求利润，我们也意识到环保的重要性。我们相信：在一个和谐的绿色环境下，我们的业务将得到持续发展。

经历了这么多年经济的起起伏伏，我们的管理团队积累了丰富的管理经验以应对今后的挑战。随着经济环境的改善，我们有信心在未来年度继续保持盈利。

股息

针对集团2008年的业绩，我们在2009年5月6日宣布派发每股新币1分的中期免税股息。现又根据2009财年的业绩表现，为了回馈股东，董事会建议派发每股新币1分的终期免税股息。因此，2009年度的总股息为新币2分。

致谢

在此，我要对集团的客户、供应商和商业伙伴给予的继续支持表示衷心地感谢。同时，也要感谢董事会成员、公司所有的管理层和员工，感谢他们的辛勤工作和无私奉献，让我们共同战胜了2009年的严峻挑战。

最后，我谨代表董事会，对我们的股东表示感谢，感谢您对我们一如既往的信任和支持。

徐承秋
执行主席
2010年3月8日

Corporate Social Responsibility

Environmental Protection... a sustainable business model...

China Sunsine is committed to achieve excellent environmental performance. We believe that our business will be sustainable when we operate in harmony with the environment and communities around us. By pursuing this commitment year after year, environment protection measures have helped to reduce our operating costs, improve safety and reduce the impact to the environment.

Thus we remain committed to implement scientifically sound and practical "Green" solutions that consider the needs of the communities in which we operate.

Achieved Accreditation

ISO 14001 certified since 2008: This is internationally recognised standard for Environmental Management System. It specifies a process for controlling and improving our environmental performance

ISO 9001 certified since 2000: This is internationally recognised standard for Quality Management System. It specifies a process for quality assurance.

GB/T28001-2001 certified since 2008: This is internationally recognised standard for Occupational Health and Safety Management System. It specifies a process promoting a safe and healthy working environment.

Green Technology

To ensure sustainable environmental protection, Green technology is integral to the life cycle of our production process. We strive to reduce wastage from the beginning of our production. For example, through our own research & development efforts, we have developed a 2-step process in accelerator CBS production and dissolving process in accelerator MBT production resulting in about 90% reduction in water usage. At the moment, we are looking into reducing oxidation during the production of accelerator MBTS and TBBS. Such reduced oxidation will reduce the waste water production.

Waste Water and Waste Gases Management

We have invested substantially in the waste water treatment plants which meet the stringent standard set by the government as well as our customers. We have incorporated a biological treatment process jointly developed with Dalian University of Technology. This technology is one of the latest technologies used in waste water treatment. At the same time, we have also invested in surveillance equipment to monitor the consistency in the quality of the discharged water.



Desulphurization Facility

Waste gases will be released during the production process. We have also built exhaust gas treatment facilities where the quality of discharged gas complied with the local regulations.

Recycling Management

Besides reducing waste production, we recycle and reuse whatever we can. Thus we have also invested in desulphurization facilities. We are able to turn the toxic gas into sulphur which is re-used as raw material in our Insoluble Sulphur production. The heat generated from the desulphurization is also channeled back to our accelerators production. Treated waste water is also re-used in the toilet flushing facilities. With such recycling management, we have also managed to reduce our cost of production.

Human Resource Management

With detailed waste management policies and sophisticated facilities in place, we have employed qualified personnel in this area of our business, emphasising our commitment to achieving excellent environmental performance. Our operation managers are PHD and University graduates whilst over 80% of the operators have at least gone through primary school education.



Waste Gas Treatment Facility



Waste Water Treatment Plant

Board of Directors



from left to right:

Ling Yong Wah, Tan Lye Heng Paul, Ma Ying Qun, Xu Jun, Xu Cheng Qiu, Liu Jing Fu, Lim Heng Chong Benny, Xu Chun Hua, Koh Choon Kong

Xu Cheng Qiu Executive Chairman

Xu Cheng Qiu is the Executive Chairman of our Group, responsible for the overall management, formulation and implementation of our business strategies. He has more than 30 years of experience in the rubber chemical industry. He joined our Group in 1977, when the predecessor of our subsidiary, Shanxian Chemical was first established. In December 1998, Mr Xu together with the other employees, executed an MBO and he became the Executive Chairman and General Manager of Shanxian Chemical. He was also honoured with numerous awards, amongst them 'Outstanding Entrepreneur' award, from Heze City Economic and Trade Committee and 'Excellent Leader in Technological Innovation' by China Rubber Industry Association (CRIA). Mr Xu is part of a group of Chairpersons spearheading the various committees of CRIA. He is also appointed a representative to the Shandong Province People's Congress, the provincial parliament that has the right to adopt local regulations. He obtained his degree in Rubber Chemical Engineering from Shandong Chemical College in 1966 and became a qualified senior engineer in 1989.

Liu Jing Fu Executive Director/General Manager

Liu Jing Fu is our Executive Director and General Manager of the Shanxian Chemical, responsible for overseeing the general duties of our Group, as well as the research and development department. Prior to joining our Group in 2006, he was the deputy chairman of Heze Petroleum Chemical Association and the deputy chairman of Heze Electrical, Mechanical and Petrochemical Association. He was honoured the 'Shandong Province 8th 5-Year Plan Technological

Advancement Outstanding Worker' Award in 1995. Mr Liu obtained his degree in Chemical Engineering from Shandong Chemical College in 1980, and became a qualified senior engineer in 1993.

Xu Jun Executive Director/Deputy General Manager

Xu Jun is our Executive Director and Deputy General Manager (Management and Operations), responsible for overseeing the overall management and operational aspects of our Second Facility located at the Shanxian Economic Development Zone. He joined the Group in 1998 as the head of the management department. In 2003, he was promoted to assistant general manager and subsequently became our Deputy General Manager in 2006. Mr Xu obtained his diploma in Business Administration from Jining University of Technology in 1992 and the ISO9000 Internal Auditor Qualification in 2002.

Ma Ying Qun Executive Director/Deputy General Manager

Ma Ying Qun is our Executive Director and Deputy General Manager (Human Resource, Administration and Logistics) responsible for the overall management of our human resource, administration and logistics department. He joined the production departments of Shanxian Chemical in March 1999 and became Deputy General Manager in 2003. He manages the implementation of quality control measures to ensure compliance of the ISO9000 quality management system. He obtained his diploma in international business management and public relations from Xi'an Electronic Technological University in 1997, received his certification as economist in 2006 and obtained ISO9000 Internal Auditor in 2002.

Tan Lye Heng Paul

Lead Independent Director

Tan Lye Heng Paul is our Lead Independent Director. He is the managing partner of Tan Teo & Partners PAC, a Certified Public Accountants firm since 1995. He has over 18 years of auditing experience including two years as an internal auditor of a large Singapore public listed company. He is active in academia, giving lectures in finance related topics since 1991. He is also an Independent Director of two other Singapore public listed companies. He holds a Masters degree in Business Administration from University of Birmingham, UK. He is a fellow of the Association of Chartered Certified Accountants (ACCA), a fellow of the Institute of Certified Public Accountants of Singapore (ICPAS) and a full member of Singapore Institute of Directors (SID).

Lim Heng Chong Benny

Independent Director

He began his career in 1997 as an advocate and solicitor in Singapore with Messrs Yeo-Leong & Peh. In 2000, he joined Messrs Rajah & Tann, where he was a senior legal associate. In 2002, he joined Messrs Chan & Goh as a partner. In 2005, he joined his current firm, Messrs ChrisChong & CT Ho Partnership, as a partner. Mr Lim's principal areas of practice are in general corporate and commercial matters, specialising in corporate finance, mergers and acquisitions, cross-border joint ventures and investments, and fund management. He holds a Bachelor of Laws and a Master of Laws, both from the National University of Singapore. Mr Lim is currently an independent director of another listed company.

Xu Chun Hua

Independent Director

Xu Chun Hua is our Independent Director. She has more than 40 years of experience in the rubber and rubber chemical industry. Ms Xu is currently the principal of Qingdao Rubber Tyre Engineering University. Previously, she was a lecturer in Nanjing Chemical University and she used to work for Beijing Rubber Chemical Research Centre. She is currently serving as Vice President of the China Rubber Industry Association. She has also written various articles for journals and magazines such as Rubber Industry, Synthetic Rubber Industry, as well as compiled handbooks such as the Synthetic Rubber Handbook and Rubber Chemical Practical Handbook. She obtained her degree in High Polymer Chemistry from Fudan University in 1965.

Ling Yong Wah

Non-Executive Director

Ling Yong Wah is our Non-executive Director. He is currently a senior vice president with Seavi Advent Corporation Ltd ("Seavi"), a private equity firm in Singapore. Seavi is an affiliate of Advent International Corporation, one of the world's leading global buyout firms, with over US\$23 billion in private equity capital raised since inception. At Seavi, he is responsible for identifying suitable companies for acquisitions, executing investment transactions and for monitoring portfolio companies. From 1996 to 2000, Mr Ling was a business development manager with Econ International Ltd ("Econ"), an engineering and construction service provider listed on SGX. At Econ, he was involved in several cross-border acquisitions. From 1994 to 1996, Mr Ling was a deputy manager with United Overseas Bank Limited. He holds a Bachelor of Economics from Monash University in Melbourne, Australia and is a member of the Institute of Chartered Accountants in England and Wales. Mr. Ling also sits on the board of other listed companies.

Koh Choon Kong

Non-Executive Director

Koh Choon Kong is our Non-executive Director appointed on 15 November 2009. Prior to this position, he was our Group CFO since November 2006 before the IPO of the Group. He is currently the Group CFO of Fuxing China Group Limited, a company listed on SGX. He began his career in 1995 as an auditor with Price Waterhouse. He later joined Citicorp Investment Bank (Singapore) Limited and became its assistant regional financial controller for Asia (Asset Management). He then worked for ICH Limited and helped set up ICH Capital Pte Ltd where he was involved in pre-IPO consulting work for PRC-based companies. In 2002, he founded KRN Warren Advisors where he provided corporate financial consulting and financial training services. Mr Koh graduated from the Nanyang Technological University with a Bachelor of Accountancy and later obtained his Master of Business Administration degree from the University of Manchester. He is a non-practising member of the Institute of Certified Public Accountants of Singapore as well as a CFA charter holder. He currently sits on the Advocacy Committee of CFA Singapore, as well as volunteering on the Audit Committee of a non-profit organisation.

Key Executives

from left to right:
Geng He Ping, Yak Thian Huat Dave,
Li Song, Fan Chang Ling



Yak Thian Huat Dave

Chief Financial Officer

Yak Thian Huat Dave was appointed as Chief Financial Officer in November 2009. Mr. Yak is responsible for the accounting and finance matters of the Group. He has almost 13 years of experience as an accounting professional. Prior to joining the Company, Mr. Yak was the Financial Controller of KS Energy Services Ltd. He has extensive accounting and financial experience from his previous employments with the Andover Group and Coopers & Lybrand. Mr. Yak is a fellow with the Institute of Certified Public Accountant of Singapore. He graduated from the Nanyang Technological University with a Bachelor of Accountancy degree and holds a Master of Applied Finance from the University of Melbourne.

Li Song

Deputy General Manager

Li Song is our Deputy General Manager (Sales and Marketing) and is responsible for the sales and marketing activities of our Group. He joined the Group in 1995 as procurement staff. In 1996, he was assigned to the product sales department. He was promoted to head the domestic sales department in 2004. In 2005, he became assistant general manager, overseeing the overseas and PRC sales. In 2006, he became our Deputy General Manager. He obtained his sales certification in 1999.

Geng He Ping

Deputy General Manager

Geng He Ping is our Deputy General Manager (Facilities and Equipment), who is responsible for the management of our facilities and equipment including purchases, installation, testing and maintenance. He joined the Group in 1997 and has over 20 years of experience in equipment technology and management. He rose through the ranks over the years from Section Chief to Assistant General Manager to his current position.

Fan Chang Ling

Deputy General Manager

Fan Chang Ling is our Deputy General Manager (Production and Quality Assurance) and is in charge of the overall supervision of our production. He oversees the quality and safety assurance in our production system. He joined the Group in July 1990 as a technician, and was subsequently promoted to chief production officer. He was promoted to assistant general manager in 2002 and became Deputy General Manager in 2005. He was honoured 'Outstanding Worker' by Shanxian People's government. He obtained his diploma in Organic Chemical Engineering from Shandong Chemical College in 1990. In 2006, he obtained his qualification as engineer. He also received his certification as qualified ISO9000 Internal Auditor in 2002.

Corporate Milestones

2009

Completed a plant to produce medical grade MBTS for the pharmaceutical customers

Completed the waste water treatment facility at Facility 2

Purchased a new plot of land, north of Second Facility, to construct plant for the production of new anti-oxidant 6PPD

Awarded the “Top 10 Enterprises” by Heze, Shandong Government

Awarded the “Trustworthy Enterprises” by the Shandong Government

Accreditation by Top 10 PRC Tyre maker Double Coin Group as one of their “Trustworthy Partners”



二〇〇九年度对外贸易

十强企业

菏泽市人民政府
二〇一〇年一月

2008

Started commercial production of new insoluble sulphur plant, anti-oxidant TMQ plant and master batches plant

Awarded FORBES Asia’s The Region’s Top 200 Small and Midsize Companies in 2008

2007

Listed on SGX-ST in July 2007

Awarded the “Shandong Province Famous Brand” in August 2007

Completed the prestigious client list of top 10 major tyre manufacturers in the world with orders from Continental Tires in December 2007

2006

Incorporate China SunSine Chemical Holdings Pte Ltd in Singapore in June 2006 and subsequently acquired Shandong Shanxian Chemical Co. Ltd as part of Restructuring Exercise for our IPO

Accredited by Top 10 PRC Tyre manufacturer Shanghai Tyre as one of its “Trustworthy Partners” in October 2006

Awarded the “New and Advanced Technology Enterprise”, a provincial recognition of our research and development strength

2005

Awarded the “State Excellent Private Enterprise” a national recognition of our overall business performance

Purchased a new plot of land as our new Second Facility for further capacity expansion

2004

Accredited by Top 10 PRC Tyre Doublestar Group as one of its “Best Supplier for Year 2003 & 2004”

Awarded the “Shandong Province Famous Brand”, recognising our “SunSine” brand

Awarded the “Shandong Province Top 50 Rubber Industry Enterprise,” recognising our overall business performance achievement in a province of 92 million population and the powerhouse of rubber industry in China

2002

Accredited by Top 10 PRC Tyre manufacturer Hangzhou Zhongce Rubber as one of its best suppliers

2000

Accredited with the ISO9001:2000 certification by SQC for our quality management system for production of rubber chemicals

1998

Led by Executive Chairman, Mr Xu Cheng Qiu successfully executed an MBO of Shanxian Organic Chemical Factory and established Shandong Shanxian Chemicals Co., Ltd

1994

Produced thiazoles accelerators MBT and MBTS; commencement of our rubber accelerator business

Obtained our own import and export license, enabling us to export products directly to overseas customers

1977

Established Shanxian Organic Chemical Factory as a state-owned enterprise

Operations and Financial Review

Due to the global economic crisis which commenced in 4QFY2008, FY2009 began as a challenging and tough year. Our FY2009 revenue declined by 10% to RMB 718.4 million from RMB 797.9 million in FY2008 as the average selling price for all products dropped substantially. We had managed to prevent any further revenue decline with increased marketing efforts. This was evidenced by the 48% increased in full year sales volume in FY2009 to 45,420 tons from 30,787 tons in FY2008.

Overall average selling price (ASP) for all products declined from RMB 25.9k in FY2008 to RMB 15.8k in FY2009. Decrease in ASP was due to the “Olympics effect” in 2008 and the poor economic situation in 1Q2009. However, the ASP had stabilised at about RMB 16.0k since 2Q2009.

Analysis of Sales and Volume

	Sales Volume			Sales		
	(Tons)			(RMB' million)		
	FY2009	FY2008	Change	FY2009	FY2008	Change
Accelerators	40,196	29,805	35%	664.0	782.0	(15%)
Insoluble Sulphur	3,468	464	647%	32.1	3.1	936%
Anti-oxidant	1,361	185	636%	13.4	3.0	347%
Others	395	333	19%	8.9	9.8	(9%)
Total	45,420	30,787	48%	718.4	797.9	(10%)
Domestic Sales	29,504	18,768	57%	437.5	447.2	2%
International Sales	15,916	12,019	32%	280.7	350.7	20%

During FY2009, we had increased the production capacity of all our product categories, accelerators, insoluble sulphur and anti-oxidant. However, sales of anti-oxidant TMQ, had not improved substantially in tonnage term as the selling price remains extremely competitive. Thus efforts were made to increase the production efficiency of higher profit-margin accelerators and insoluble sulphur which in turn resulted in higher sales volume.

In line with the booming car industry in China, the proportion of sales to the local China market increased to 61% as compared to 56% in FY2008. At the same time, we continued to serve more than 50% of the Global Top 75* tire makers including all the Top 10 tire makers. (*Source: <http://www.tirebusiness.com>)

Gross profit decreased by 29% from RMB 226.8 million in FY2008 to RMB 160.2 million in 2009, in line with the

decrease in revenue and gross profit margin. The overall gross profit margins (GPM) declined from 28.4% in FY2008 to 22.3% in FY2009, due to the “Olympics effect”, resulting in high prices of our products in FY2008.

Other operating income was RMB 12.4 million in FY2009, consisting of mainly investment income, sales of scrap materials, as well as write-back of doubtful debts recovered.

Selling and distribution expenses, which declined by 17% from RMB 28.3 million in FY2008 to RMB 23.5 million in FY2009, was in line with the decrease in revenue. **Administrative expenses** declined by 30% from RMB 60.8 million in FY2008 to RMB 42.8 million in FY2009, mainly due to lower staff costs, including bonuses, government levies, and the cutback of most discretionary expenses during current year. **Research costs** declined 92% from RMB 16.6 million in FY2008 to RMB 1.3 million in FY2009 as most of the R&D projects were launched in FY2008, while **other operating expenses** reduced from RMB 4.9 million in FY2008 to RMB 0.5 million in FY2009 as prior year exchange loss was not repeated in current year.

Profit before tax (PBT) declined by 20% from RMB 128.1 million in FY2008 to RMB 103.1 million in FY2009 due to the “Olympics effect” resulting in higher PBT in FY2008, offset by the Group’s efforts to increase the sales volume and



Customer Plant Visit



Insoluble Sulphur Plant

cut discretionary expenses in FY2009. **Net profit attributable to shareholders** declined by 17% from RMB 106.7 million in FY2008 to RMB 88.3 million in FY2009.

Financial Position Review

Property, plant and equipment has increased by RMB 31.6 million from RMB 152.5 million to RMB 184.1 million due mainly to purchase of machinery and equipment relating to various projects in FY2009 amounting to approximately RMB 57.3 million less net depreciation of RMB 24.9 million.

Short-term available for sale investments have declined by RMB 17.6 million due to the maturity of the RMB 40 million notes and new net investments of RMB 22.4 million into new notes.

Inventories has decreased by RMB 11.9 million from RMB 66.2 million to RMB 54.3 million due to lower raw materials inventory as production was running at higher capacity, and lower finished goods as finished goods were delivered to customers to meet orders. The Group aims to balance production and sales volume, so as to minimise inventory risks.

Trade receivables increased by RMB 11.4 million from RMB 169.8 million to RMB 181.2 million due to higher sales in 4Q2009 (RMB 204.9 million) compared to 4Q2008 (RMB 137.1 million).

Other receivables and prepayment increased by RMB 79.4 million from

RMB 17.1 million to RMB 96.5 million due mainly to the followings:

- a deposit cum loan to the local Shanxian government amounting to RMB 25.0 million for our purchase of 2 parcels of land (collectively, the "Land Parcels"), and for the government to relocate current lessees of the Land Parcels and to prepare the Land Parcels for our use. The Land Parcels have a total size of about 446 mu (or about 297,330 square metres) bordering north and south of our Facility 2 at the Shanxian Economic Zone which are in the process of being acquired from the local government as part of our expansion plans. This deposit cum loan is secured by a different piece of land (of approximately 168 mu)
- interest-bearing loan to 3rd parties amounting to RMB 18.0 million secured with land of market value estimated at approximately RMB 60 million and/or option to acquire borrower's equity; and

- increase in prepayment to suppliers as raw material purchases increased in Q42009 as well as new projects such as the new 6PPD Antioxidants plant commenced construction.

Trade payables increased by RMB 24.3 million from RMB 9.5 million to RMB 33.8 million was in line with the increased in purchases of raw materials in 4Q2009.

Other payables increased by RMB 2.3 million from RMB 49.8 million to RMB 52.1 million due mainly to increase in advances received from customers to secure our goods.

Deferred grant given by the government authorities had increased by RMB 6.1 million from RMB 0.3 million to RMB 6.4 million due to increased funding allocated to our ongoing research and development projects such as R&D centre construction and waste gases recycling.

Loan from a director was repaid in full in accordance with the terms of the loan agreement and duly approved by the Audit Committee.

Unsecured **bank loans** of RMB 50.0 million received from the Industrial and Commercial Bank of China (ICBC) was used as working capital.

The Company had continued to buy back its shares in FY2009, with 7.084 million shares amounting to RMB 6.3 million purchased during the year.



Anti-oxidant TMQ Plant



Anti-oxidant 6PPD Plant In Construction

New R&D Centre and Office Building In Construction

Cash Flow Review

	FY2009	FY2008	Change
	(RMB' million)	(RMB' million)	%
Cash generated from operating activities	34.4	128.0	(71%)
Cash used in investing activities	(34.4)	(10.4)	242%
Cash used in financing activities	(7.8)	(44.8)	(79%)
Net (decrease)/increase in cash and cash equivalents	(7.8)	72.8	na
Cash and cash equivalents at end of year	195.7	184.1	6%

Cash Flow from Operating Activities

In line with the drop in sales, net cash generated from operating activities declined by RMB 93.2 million from RMB 127.6 million to RMB 34.4 million. The increase in the average debtors' collection days by 6 days to 58 days had also caused the drop in cash generated.

Cash Flow from Investing Activities

Net cash used in investing activities increased by RMB 24.0 million from RMB 10.4 million to RMB 34.4 million as the proceeds realised from the maturity of AFS financial assets and interest income decreased by RMB 45.2 million. This decline was offset by the RMB 20 million decrease in payment for plant and equipment.

Cash Flow from Financing Activities

Net cash used in financing activities decreased by RMB 36.6 million from RMB 44.4 million to RMB 7.8 million. This was due to the drawdown of a RMB 50 million bank loan and RMB 7.2 million increase in government grant for our R&D projects which was partially offset by the RMB 23.9 million increase in loan repayment to a director as compared to FY2008.

Operations Review

During 2009, the Group had completed the following expansions:

- Completed the construction of a new 7,000-ton MBTS plant in Facility 2

with commercial production commenced in August 2009. This MBTS plant is able to produce 3,000 tons of MBTS (medical grade);

Some of the customers have completed the trial test of our MBTS (medical grade) and the feedback has been favourable. We have received a firm annual order from one of China biggest antibiotic intermediary manufacturing companies. We are expecting more orders from the pharmaceutical sector.

- Increased the annual capacity of antioxidant TMQ plant from 5,000 tons to 10,000 tons in Q32009;

Though TMQ's contribution to the Group revenue was marginal in FY2009, we expect its sales to increase as we have improved the production efficiency and reduced wastage and thus improved its profit margin.

- Increased the annual capacity of insoluble sulphur plant to 8,000 tons in December 2009; and
- Upgraded the waste water treatment plant at Facility 2.

Prospects In The New Financial Year

In 2010, the Group is expected to complete the following projects:

- Complete the construction of the R&D centre, office building, workers' canteen and rest quarters at Facility 2;

The expansion of the R&D team along with the completion of R&D centre will further allow the Group to adopt more "Green" initiatives and established ourselves as a responsible corporate citizen. At the same time, the R&D team will assist to improve the manufacturing processes so as to increase the production efficiency and achieve environment protection at the same time.

- Increase the annual capacity of the existing insoluble sulphur plant to 10,000 tons;
- Double the annual capacity of the existing DCBS(DZ) to 3,000 tons; and
- Complete the construction of the new 15,000-ton 6PPD plant in Facility 2 with production for internal and customer testing.

As customer testing will take at least 6 months, we do not expect any material impact to our profit & loss in FY2010.

Barring unforeseen circumstances, the Group expects to continue its profitability for FY2010.

Actual and Projected Annual Capacity at End of Each Financial Year

	FY2007	FY2008	FY2009	FY2010e
Accelerators	39,000	50,000	55,000	56,500
Insoluble Sulphur	5,000	5,000	8,000	10,000
Anti-oxidant	–	5,000	10,000	25,000
Total	44,000	60,000	73,000	91,500

Corporate Governance Report

China Sunshin Chemical Holdings Ltd. (the "**Company**") is committed to maintaining a high standard of corporate governance to ensure greater transparency and protection of shareholders' interests. The board of directors of the Company (the "**Board**") is pleased to confirm that the Company has adhered to the principles and guidelines of the Code of Corporate Governance (the "**Code**"), save for Guideline 3.1 (the Chairman and Chief Executive Officer should in principle be separate persons), the reason for which deviation is explained below.

This report outlines the Company's corporate governance processes and structure, with specific reference to the principles and guidelines of the Code. The Board and the management of the Company (the "**Management**") will continue to uphold the highest standards of corporate governance within the Company in accordance with the Code.

(A) BOARD MATTERS

Board's Conduct of Affairs

Principle 1 : Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with the Management to achieve this and the Management remains accountable to the Board.

Role of the Board

The Board assumes responsibility for stewardship of the Company and its subsidiaries (the "**Group**"). Its primary role is to protect and enhance long-term value and returns for shareholders. It provides entrepreneurial leadership, oversees the business and affairs of the Group, and approves the Group's financial and strategic plans, key business initiatives, major investments and divestments proposals, and funding decisions.

Additionally, the Board has direct responsibility for decision-making in respect of the following corporate events and actions:

- (a) ensure that necessary financial and human resources are in place for the Group to meet its objectives;
- (b) oversee the processes of risk management, financial reporting and compliance, and evaluate the adequacy of internal controls;
- (c) establish, together with Management, the strategies and financial objectives to be implemented by Management;
- (d) review the performance of the Management, approve the nominations of the Board of Directors and appointment of key executives, as may be recommended by the Nominating Committee;
- (e) review and endorse the framework of remuneration for the Board and key executives as may be recommended by the Remuneration Committee; and
- (f) assume responsibility for corporate governance.

To assist the Board in the execution of the Board's responsibilities, certain functions of the Board have been delegated to 3 Board committees, comprising of an Audit Committee ("**AC**"), a Nominating Committee ("**NC**") and a Remuneration Committee ("**RC**"). Each of these committees functions within clearly defined terms of reference and operating procedures which are reviewed on a regular basis. The effectiveness of each committee is also constantly being monitored.

Corporate Governance Report

The Board meets 4 times a year and as warranted by particular circumstances. Telephonic attendance and conference at Board meetings are allowed under the Articles of Association of the Company. The number of Board and Board committee meetings held during FY2009, as well as the attendance of each member at these meetings, are set out below:-

NAME OF DIRECTORS	Board	AC	NC	RC
	Number of Meetings Held: 4	Number of Meetings Held: 5	Number of Meetings Held: 3	Number of Meetings Held: 1
	Meetings Attended	Meetings Attended	Meetings Attended	Meetings Attended
Xu Cheng Qiu	4	N.A.	N.A.	N.A.
Liu Jing Fu	4	N.A.	N.A.	N.A.
Xu Jun	4	N.A.	N.A.	N.A.
Ma Ying Qun	4	N.A.	N.A.	N.A.
Tan Lye Heng Paul	4	5	3	1
Lim Heng Chong Benny	4	5	3	1
Xu Chun Hua	0	0	1	1
Ling Yong Wah	3	N.A.	N.A.	N.A.
Koh Choon Kong *	N.A.	N.A.	N.A.	N.A.

* Mr Koh Choon Kong was appointed as a Non-Executive Director and as a member of the AC on 15 November 2009.

The Company has adopted internal guidelines setting forth matters which require Board approval. Matters which are specifically reserved to the full Board for decision are those involving interested person transactions (including, among others, conflict of interest issues in relation to substantial shareholders and directors of the Company), material acquisitions and disposal of assets, corporate or financial restructuring, share issuance and dividends, and financial results and corporate strategies. Each Board member makes decisions objectively in the interests of the Group.

All newly-appointed directors are briefed on the business activities of the Group and its strategic goals, and undergo an orientation program which includes visits to the Group's operating facilities to gain a better understanding of the Group's business operations and governance practices. Directors who are first-time directors, or who have no prior experience as directors of a listed company, also undergo briefings on the roles and responsibilities as directors of a listed company.

The directors are provided with continuing education in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, as well as changes in the relevant provisions of the Companies Act, so as to update and refresh them on matters that affect or may enhance their performance as Board or Board committee members.

Corporate Governance Report

Board Composition and Balance

Principle 2 : There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The NC determines annually whether or not a director is independent, bearing in mind the Code's definition of an "independent director" and guidance as to relationships the existence of which would deem a director not to be independent. In addition, in deciding whether or not a director is independent, the NC also takes into consideration whether a director has business relationships with the Company or any of its related companies, and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent judgment with a view to the best interests of the Company. The NC is of the view that based on the Code's definition of an "independent director" and guidance as to relationships, the 3 current independent directors are independent, and no individual or small group of individuals dominates the Board's decision-making process.

The Board presently comprises 9 directors, of whom 3 are independent directors. The present composition of the Board complies with the Code's guidelines that independent directors make up at least one-third of the Board. The nature of the current directors' appointments and membership on the Board committees are as follows:-

Name of Directors	Position held on the Board	Committee Membership		
		Audit	Nominating	Remuneration
Xu Cheng Qiu	Executive Chairman	–	–	–
Liu Jing Fu	Executive Director	–	–	–
Xu Jun	Executive Director	–	–	–
Ma Ying Qun	Executive Director	–	–	–
Tan Lye Heng Paul	Lead Independent Director	Chairman	Member	Member
Lim Heng Chong Benny	Independent Director	Member	Chairman	Member
Xu Chun Hua	Independent Director	Member	Member	Chairman
Ling Yong Wah	Non-Executive Director	–	–	–
Koh Choon Kong *	Non-Executive Director	Member	–	–

* Mr Koh Choon Kong was appointed as a Non-Executive Director and as a member of the AC on 15 November 2009.

The size and composition of the Board is reviewed annually by the NC which is of the view that the current Board size of 9 directors, 3 of whom are independent non-executive directors, is appropriate and facilitates effective decision-making, taking into account the nature and scope of the Company's operations.

The NC is also satisfied that the Board comprises directors who as a group provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, which are required for the Board to be effective.

The independent directors discuss regularly without the presence of Management matters such as the changes that they like to see in Board processes, corporate governance initiatives, and matters which they wish to discuss during the Board meetings.

Corporate Governance Report

Chairman and Chief Executive Officer

Principle 3 : There should be a clear division of responsibilities at the top of the company - the working of the Board and the executive responsibility of the company's business - which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

Currently, the Executive Chairman of the Company is Mr Xu Cheng Qiu. Mr Xu is the founder of the Group and plays a key role in developing the business of the Group and provides the Group with strong leadership and vision. He is responsible for the day-to-day running of the Group as well as the exercise of control of the quality, quantity and timeliness of information flow between the Board and Management.

As Executive Chairman of the Board, Mr Xu bears responsibility for the effective working of the Board. He is responsible for, amongst others, ensuring that Board meetings are held when necessary, setting the Board meeting agenda to enable the Board to carry out its duties effectively and responsibly, taking a leading role to ensure and maintain a high standard of compliance corporate governance, acting as a facilitator at Board meetings and maintaining regular dialogue with the Management on all operational matters.

The Company has not created a separate Chief Executive Officer position as the Board is of the view that the current Board composition is appropriate and effective for the purposes for which the Board's roles and responsibilities are set up. All major decisions made by the Executive Chairman are reviewed and approved by the Board. His performance and appointment to the Board is reviewed periodically by the NC and RC and his remuneration package is reviewed periodically by the RC. Both the NC and RC comprise independent directors. As such, the Board believes that there are adequate safeguards in place against an uneven concentration of power and authority in a single individual. In line with the recommendations in the Code, Mr Tan Lye Heng Paul has been appointed the Lead Independent Director of the Company to lead and coordinate the activities of the independent directors and to address the concerns, if any, of the Company's shareholders.

Board Membership

Principle 4 : There should be a formal and transparent process for the appointment of new directors to the Board.

The Company has established a NC to, *inter alia*, make recommendations to the Board on all Board appointments. The NC currently comprises the following independent directors:

Lim Heng Chong Benny	–	Chairman
Tan Lye Heng Paul	–	Member
Xu Chun Hua	–	Member

Role of the NC

The role of the NC is to establish a formal and transparent process for the appointment of new directors and the re-appointment of directors retiring by rotation, as well as to assess the effectiveness of the Board and the overall contribution of each director towards the effectiveness of the Board.

The principal functions of the NC include the following:

- (a) to make recommendations to the Board on all Board appointments, including re-nominations having regard to that director's contribution and performance (such as attendance, preparedness, participation and candour);

Corporate Governance Report

- (b) to review the independence of the directors annually;
- (c) to decide whether the director is able to and has been adequately carrying out his duties as director, in particular, where a director has multiple board representations;
- (d) to review and make recommendations to the Board on all candidates nominated (whether by the Board, shareholders or otherwise) for appointment to the Board, taking into account the candidate's track record, age, experience, capabilities and other relevant factors;
- (e) to identify and nominate candidates for the approval of the Board to fill vacancies in the Board as and when they arise;
- (f) to decide how the Board's performance may be evaluated and propose objective performance criteria for the Board's approval; and
- (g) to assess the effectiveness of the Board as a whole.

The basis of the NC's annual determination as to whether a director is or is not independent is set out on page 19 of this Annual Report.

The NC determines annually whether a director with multiple board representations is able to and has been adequately carrying out his duties as a director of the Company. The NC has taken into account the respective director's actual conduct and effectiveness on the Board, and the time and attention given by each of them to the affairs of the Company, in making this determination, and is satisfied that all the directors having multiple board representations have been able to and have adequately carried out their duties as director.

Process for appointment of new directors

The NC has recommended, and the Board has approved, a formal process for the selection of new directors as follows:

- (a) The NC evaluates the balance of skills, knowledge and experience on the Board and, in the light of such evaluation and in consultation with Management, prepares a description of the role and the essential and desirable competencies for a particular appointment;
- (b) Directors and Management may suggest suitable potential candidates. If necessary, the NC may enlist external help (for example, from the Singapore Institute of Directors, search consultants, advertisements) to source for potential candidates;
- (c) The NC assesses suitability of short-listed candidates and discusses with them, if necessary, to ensure that the candidate(s) are aware of the expectations and the level of commitment required; and
- (d) The NC makes recommendations to the Board for approval.

Criteria for appointment of new directors

All new appointments are subject to the recommendation of the NC based on, *inter alia*, the following objective criteria:

- (a) Integrity;
- (b) Independent mindedness;

Corporate Governance Report

- (c) Possess core competencies which meet the current needs of the Company and complement the skills and competencies of the existing directors on the Board;
- (d) Able to commit time and effort to carry out duties and responsibilities effectively;
- (e) Experience in the relevant field of business of the Company or industries in which it operates; and
- (f) Financially literate.

All directors are to submit themselves for re-nomination and re-election at regular intervals of at least once every 3 years. Under the Company's existing Articles of Association, one-third of the directors (except for the managing director, if any) for the time being (or if their number is not a multiple of 3, the number nearest to but not less than one-third) shall retire from office by rotation at each annual general meeting ("**AGM**") of the Company. A newly appointed director must also submit himself for re-election at the AGM immediately following his appointment.

The following key information regarding directors is set out in the following pages of this Annual Report:

- (a) pages 10 to 11 – Academic and professional qualifications;
- (b) page 32 – date of first appointment as director, date of last re-election, current and past directorship in other listed companies, whether appointment is executive or non-executive, or considered by the NC to be independent; and
- (c) page 35 – Shareholding in the Company and its subsidiary.

Board Performance

Principle 5 : There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

The Board has implemented a formal process for assessing the effectiveness of the Board as a whole, as well as the contribution by each director to the effectiveness of the Board.

The Board assessment exercise provided an opportunity to obtain constructive feedback from each director on whether the Board's procedures and processes allowed him to discharge his duties effectively and the changes that should be made to enhance the effectiveness of the Board as a whole.

The individual director's assessment exercise allowed each director to reflect upon his own performance on the Board so that the overall quality of the board members may be improved upon and enhanced. It also assisted the NC in determining whether to re-nominate directors who are due for retirement at the next AGM, and in determining whether directors with multiple board representations are nevertheless able to and have adequately discharged their duties as directors of the Company.

The NC determines how the Board's performance may be evaluated and proposes objective performance criteria. Such performance criteria is approved by the Board and addresses how the Board has enhanced long-term shareholders' value.

Corporate Governance Report

Evaluation processes

(a) *Board*

Each Board member is required to complete a Board Assessment Checklist ("**Checklist**"). Based on the returns from each of the directors, the Chairman of the NC prepares a consolidated report and thereafter presents the report to the Board for discussion on the changes which should be made to help the Board discharge its duties more effectively.

(b) *Individual directors*

In the case of the assessment of individual directors, each director is required to complete a director's assessment form by way of a self-assessment of his contribution to the effectiveness of the Board. Based on the returns from each of the directors, the Chairman of the NC prepares a consolidated report and thereafter presents the report to the Board. The Chairman of the Board then provides the necessary feedback on the respective Board performance of each director, with a view to improving their respective performance on the Board.

Performance criteria

The performance criteria for the Board evaluation are in respect of the Board size, composition and independence, conduct of meetings, corporate strategy and planning, risk management and internal control, Board performance in relation to discharging its principal functions, Board committee performance in relation to discharging their responsibilities set out in their respective terms of reference, achievement of financial targets which includes return on equity, improvement of performance of the Company's share price vis-à-vis the Singapore Straits Times Index, recruitment policy, process for determining remuneration and compensation of directors and key executives, financial reporting, and communication with shareholders.

The individual director's performance criteria are categorized into (1) attendance at board and related activities, (2) adequacy of preparation for board meeting, (3) contribution in strategic/business decision, finance/accounting, risk management, legal/regulatory, human resource management, or any other specialist area of each director, (4) area of experience, (5) generation of constructive debate, (6) maintenance of independence, (7) disclosure of related party transactions, and (8) overall assessment.

Access to Information

Principle 6 : In order to fulfil their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.

To assist the Board in fulfilling its responsibilities, Management provides the Board with complete and adequate information in a timely manner. As a general rule, Board papers are required to be sent to directors at least 7 days before the Board meeting so that the members may better understand the matters prior to the Board meeting and discussion may be focused on questions that the Board has about the Board papers. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed. Key executives who can provide additional insight into the matters at hand would be present at the relevant time during the Board meeting.

Management also provides the board members with background or explanatory information relating to matters to be brought before the Board, copies of disclosure documents, budgets, forecasts, internal financial statements, together with explanations for any material variance between the projections and actual results in respect of its financial performance.

Corporate Governance Report

The directors are also provided with the names and contact details of the Company's senior management and the Company Secretary to facilitate direct, separate and independent access to senior management and the Company Secretary.

The Company Secretary administers, attends and prepares minutes of Board proceedings. He assists the Chairman by ensuring that Board procedures (including but not limited to assisting the Chairman by ensuring the timely and proper exchange of information between the Board and Board committees, and between senior management and the non-executive directors, and facilitating orientation and assisting in the professional development of the directors) are followed and regularly reviewed to ensure effective functioning of the Board, and that the Company's memorandum and articles of association and relevant rules and regulations, including requirements of the Companies Act and Listing Manual of the SGX-ST ("**Listing Manual**") are complied with. He also assists the Chairman and the Board in implementing and strengthening corporate governance practices and processes with a view to enhancing long-term shareholders' value.

The appointment and removal of the Company Secretary are subject to the approval of the Board as a whole.

Subject to the approval of the Executive Chairman, the directors, whether as a group or individually, may seek and obtain independent professional advice to assist them in the discharge of their duties, at the expense of the Company.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7 : There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC currently comprises entirely independent directors as follows:

Xu Chun Hua	-	Chairman
Tan Lye Heng Paul	-	Member
Lim Heng Chong Benny	-	Member

The RC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors and senior management. The principal functions of the RC include the following:

- (a) to review and recommend to the Board for endorsement a framework of remuneration for the Executive Chairman, directors, and key executives of the Company. The framework will cover all aspects of remuneration, including without limitation, directors fees, salaries, allowances, bonuses, options and benefits-in-kind;
- (b) to review the remuneration packages of all managerial staff who are related to any of the executive directors;
- (c) in the case of directors' service contracts, to consider what compensation or commitments the directors' service contract, if any, would entail in the event of early termination; and
- (d) to recommend to the Board, in consultation with senior management and the Executive Chairman, any long-term incentive scheme (including share schemes) and to consider the eligibility of directors for benefits under such long term incentive schemes.

Corporate Governance Report

Each member of the RC will refrain from voting on any resolution in respect of the assessment of his remuneration. No director will be involved in determining his own remuneration.

The RC has access to expert advice in the field of executive remuneration outside the Company where required.

Level and Mix of Remuneration

Principle 8 : The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of the executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

The RC assists the Board by ensuring that remuneration policies and practices are sound in that they are able to attract, retain and motivate without being excessive, and thereby maximise shareholders' value.

In setting remuneration packages, the RC takes into consideration the pay and employment conditions within the industry and in comparable companies. As part of its review, the RC ensures that the performance related elements of remuneration form a significant part of the total remuneration package of executive directors and is designed to align the directors' interests with those of shareholders and link rewards to corporate and individual performance. The RC also reviews all matters concerning the remuneration of independent directors by ensuring that the remuneration commensurate with the level of contribution, taking into account factors such as effort and time, and responsibilities of the directors. The Company will submit the quantum of directors' fees of each year to the shareholders for approval at each AGM.

Only the executive directors have entered into service contracts with the Company, which are for a fixed appointment period. The RC reviews what compensation commitments the executive directors' service contracts would entail in the event of early termination, and aims to be fair and avoid rewarding inadequate performance.

Disclosure on Remuneration

Principle 9 : Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

Policy in respect of independent directors' remuneration

The independent directors do not enter into service contracts with the Company. They are paid directors' fees, the amount of which is dependent on their level of responsibilities. Each independent director is paid a basic fee. In addition, independent directors who perform additional services through Board committees are paid an additional fee for such services. The members of the AC are paid a higher fee than the members of the other Board committees because of the heavier responsibilities and more frequent meetings required of them. The Chairman of each Board committee is also paid a higher fee compared to members of the committee in view of the greater responsibility carried by that office. The amount of directors' fees payable to independent directors is subject to shareholders' approval at the Company's AGMs.

Remuneration policy in respect of executive directors and other key executives

The Company advocates a performance-based remuneration system that is flexible and responsive to the market and the performance of the Company and the individual employee. This allows the Company to better align executive compensation with shareholders' value creation. The total remuneration mix comprises annual fixed cash and annual performance incentive. The annual fixed cash component comprises the annual basic salary plus any other fixed allowances. The annual performance incentive is tied to the performance of the Company and the individual employee.

Corporate Governance Report

Level and mix of remuneration of the directors, key executives (who are not also directors) for FY2009

The level and mix of each of the directors' remuneration, and that of each of the key executives (who are not also directors), in bands of S\$250,000 for FY2009, are set out below:

Remuneration Band & Name of Directors	Salary %	Bonus %	Director's fees %	Other benefits %	Total %
S\$1,750,000 to below S\$2,000,000					
Xu Cheng Qiu	14	86	–	–	100
S\$250,000 to below S\$1,750,000					
Nil					
Below S\$250,000					
Liu Jing Fu	40	60	–	–	100
Xu Jun	24	76	–	–	100
Ma Ying Qun	24	76	–	–	100
Tan Lye Heng Paul	–	–	100	–	100
Lim Heng Chong Benny	–	–	100	–	100
Xu Chun Hua	–	–	100	–	100
Ling Yong Wah	–	–	100	–	100
Koh Choon Kong*	–	–	–	–	0

* Mr Koh Choon Kong was appointed as a Non-Executive Director on 15 November 2009.

Remuneration Band & Name of Executive Officers	Salary %	Bonus %	Other benefits %	Total %
Below S\$250,000				
Koh Choon Kong*	78	22	–	100
Yak Thian Huat Dave	100	–	–	100
Li Song	94	6	–	100
Fan Chang Lin	94	6	–	100
Geng He Ping	94	6	–	100

* Mr Koh Choon Kong was the Chief Financial Officer till 14 November 2009.

There were no employees of the Company or its subsidiaries who were immediate family members of any director of the Company and whose remuneration exceeded S\$150,000 for FY2009. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister or parent.

The Company has no share option plans for FY2009. Accordingly, no share option has been granted to the above directors nor key executives.

Corporate Governance Report

(C) ACCOUNTABILITY AND AUDIT

Accountability

Principle 10 : The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.

The Board is responsible for providing a balanced and understandable assessment of the Company's performance, position and prospects, including interim and other price sensitive public reports, and reports to regulators (if required). Management currently provides all members of the Board with appropriately detailed management accounts which present a balanced and understandable assessment of the Company's performance, position and prospects on a quarterly basis.

The Board has embraced openness and transparency in the conduct of the Company's affairs, whilst preserving the commercial interests of the Company. Financial reports and other price sensitive information are disseminated to shareholders through announcements via SGXNET to the SGX-ST, press releases, the Company's website, and public webcast and media and analyst briefings.

Audit Committee

Principle 11 : The Board should establish an AC with written terms of reference which clearly set out its authority and duties.

The AC currently comprises the following independent directors:

Tan Lye Heng Paul	–	Chairman
Lim Heng Chong Benny	–	Member
Xu Chun Hua	–	Member
Koh Choon Kong	–	Member

All the members bring with them invaluable industry knowledge and professional expertise in the financial, legal and business spheres, and have adequate financial management knowledge and experience to discharge their responsibilities as members of the AC.

The primary functions of the AC include the following:

- (a) to review the financial and operating results and accounting policies of the Group;
- (b) to review the scope and results of the audit and its cost effectiveness;
- (c) to review the financial statements before their submission to the Board and the external auditors' report on those financial statements;
- (d) to review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements and any formal announcements relating to the Company's financial performance;
- (e) to review the quarterly, half-yearly and annual announcement of results of the Group before submission to the Board for approval;
- (f) to consider and review the assistance given by Management to the auditors;

Corporate Governance Report

- (g) to discuss with the external auditors before the audit commences the nature and scope of the audit;
- (h) to review the external audit plan and the results of the external auditors' examination and evaluate the effectiveness of the Group's internal control system;
- (i) to review the independence and objectivity of the external auditors;
- (j) to recommend the appointment or re-appointment of external auditors, and approve the terms of engagement and audit fees payable to the external auditors;
- (k) to review interested person transactions to ensure that they are carried out on normal commercial terms and are not prejudicial to the interests of shareholders, and are in compliance with the then prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Listing Manual);
- (l) to review the internal audit plan and findings of the internal auditors;
- (m) to commission and review the major findings of internal investigations into matters where there is any suspected fraud or irregularity or failure of internal controls or infringement of any relevant law, rule or regulation which has or is likely to have a material impact on the Company's operating results and/or financial position; and
- (n) to undertake such other functions and duties as may be required by statute or the Listing Manual and by such amendments made thereto from time to time.

The AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by Management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

In addition, the AC has independent access to the internal auditors and the external auditors, who report independently their findings and recommendations to the AC. The AC met with the external auditors and internal auditors, without the presence of the Management, at least once during the year.

During the year, the AC performed independent reviews of the financial statements of the Company before the announcement of the Company's quarterly and full-year results. The AC also reviewed and approved both the Company's internal auditor's and external auditor's plans to ensure that the plans covered sufficiently the terms of audit scope in reviewing the significant internal controls of the Company. Such significant controls comprise financial, operational and compliance controls. All audit findings and recommendations put up by the internal and the external auditors were forwarded to the AC. Significant issues were discussed at these meetings.

In addition, the AC undertook a review of the independence and objectivity of the external auditors through discussions with the external auditors. No non-audit fees were paid to the external auditors for financial year ended 31 December 2009.

The AC also reviewed the Company's "Whistle-Blower Policy" ("**Policy**") which provides for the mechanisms by which employees and other persons may, in confidence, raise concerns about possible improprieties in financial reporting or other matters, and was satisfied that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action. Following the launch of the Policy, a set of guidelines which was reviewed by the AC and approved by the Board, was issued to assist the AC in managing allegations of fraud or other misconduct which may be made pursuant to the Policy, so that investigations may be carried out in an appropriate and timely manner, and disciplinary, civil and/or criminal actions that may be initiated following completion of investigations, are appropriate, balanced, and fair.

Corporate Governance Report

On a quarterly basis, Management reports to the AC the interested person transactions ("IPTs") reviewed by the internal auditors. Findings of IPTs, if any, were reported during AC meetings.

Internal Controls

Principle 12 : The Board should ensure that Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

The Company's internal and external auditors conduct an annual review of the adequacy and effectiveness of the Company's internal controls, including financial, operational and compliance controls, and risk management policies and systems established by Management (collectively "**internal control**"). Any material non-compliance or failures in internal control, and recommendations for improvements, are reported to the AC. The AC also reviews the effectiveness of the actions taken by Management on the recommendations made by the internal and external auditors in this respect.

During the year, the AC reviewed the effectiveness of the Company's internal control and risk management procedures and was satisfied that the Company's risk management processes and internal controls are adequate to meet the needs of the Company in its current business environment.

Internal Audit

Principle 13 : The Company should establish an internal audit function that is independent of the activities it audits.

The role of the internal auditors is to assist the AC by ensuring that the Company maintains a sound system of internal controls by regular monitoring of key controls and procedures and ensuring their effectiveness, undertaking investigations as directed by the AC, and conducting regular in-depth audits of high risk areas.

The Company's internal audit functions are out-sourced to Nexia TS Public Accounting Corporation (the "**Internal Auditor**"), which has unrestricted direct access to the AC.

The Internal Auditor's primary line of reporting is to the Chairman of the AC, although the Internal Auditor also liaise with the Executive Chairman and the Chief Financial Officer on administrative matters.

During the year, the Internal Auditor adopted a risk-based auditing approach that focuses on material internal controls, including financial, operational and compliance controls. Audits were carried out on all significant business units in the Company. All findings and recommendations of the Internal Auditor are submitted to the AC for deliberation with copies of these reports extended to the Executive Chairman and the relevant senior management officers.

The AC also reviewed the adequacy of the internal audit function and was satisfied that it is adequately resourced and has appropriate standing within the Company.

Corporate Governance Report

(D) COMMUNICATION WITH SHAREHOLDERS

Communication with Shareholders

Principle 14 : Companies should engage in regular, effective and fair communication with shareholders.

Principle 15 : Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Board is mindful of its obligations to provide timely and fair disclosure of material information to the SGX-ST in accordance with the Corporate Disclosure Policy as set out in the Listing Manual. The Board's policy is that all shareholders should be equally and timely informed of all major developments that impact the Group.

Material information is communicated to shareholders in a timely manner through:

- (a) announcements of full year and quarterly financial results which are published via the SGXNET;
- (b) annual reports or circulars of the Company that are prepared and sent to all shareholders;
- (c) notices of AGMs and extraordinary general meetings published in the newspapers;
- (d) press releases on major developments of the Group; and
- (e) the Company's website at www.ChinaSunsine.com at which shareholders can access information on the Group.

Shareholders are invited to attend shareholders' meetings to put forth any questions they may have on the motions to be debated and decided upon. If any shareholder is unable to attend, he is allowed to appoint up to 2 proxies to vote on his behalf at the meeting through proxy forms sent in advance. At shareholders' meetings, each distinct issue is proposed as a separate resolution. The chairman of each Board committee is required to be present to address questions at AGMs. External auditors are also present at such meetings to assist the directors to address shareholders' queries, if necessary.

The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

The Company Secretary prepares minutes of shareholders' meetings, which incorporates substantial comments or queries, if any, from shareholders and responses from the Board and Management. These minutes are available to shareholders upon request.

(E) DEALINGS IN SECURITIES

The Group has adopted and implemented policies in line with Rule 1207(18) of the Listing Manual in relation to the dealing of shares of the Company. The policies have been made known to directors, executive officers and any other persons as determined by the Management who may possess unpublished material price-sensitive information of the Group.

Corporate Governance Report

The Group prohibits the directors and employees to trade in the Company's securities, during the period beginning 1 month and 2 weeks before the date of the announcement of the full year or quarterly results respectively and ending on the date of the announcement of the relevant results ("**Prohibited Periods**"). Directors and employees are also advised against dealing in the securities when they are in possession of any unpublished material price-sensitive information of the Group.

Directors and officers are required to comply with and observe the laws on insider trading even if they trade in the Company's securities outside the Prohibited Periods. They are discouraged from dealing in the Company's securities on short-term considerations and should be mindful of the law on insider trading.

(F) RISK MANAGEMENT

The Company has on 3 July 2009 set up a Risk Management Advisory Committee ("**RMAC**") to review the Group's business, financial and operational risks, and to advise the Board on strategies and measures to manage and mitigate these risks. The RMAC currently comprises the following members:

Xu Cheng Qiu	–	Chairman
Ma Ying Qun	–	Member
Yak Thian Huat Dave	–	Member
Xu Xian Lei	–	Member
Li Song	–	Member
Wang Qian Wen	–	Member

The Board believes that the RMAC which is headed by the Executive Chairman of the Company, together with 5 key executives (including a director and the Chief Financial Officer), will elevate the importance of risk management throughout the Group, and play an effective role as an advisory committee to the Board. The RMAC will be able to draw upon external resources when necessary.

(G) INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy governing procedures for the identification, approval and monitoring of interested person transactions. All IPTs are subject to review by the AC to ensure that they are carried out on an arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the shareholders.

In the event that a member of the AC is interested in any IPT, he will abstain from reviewing that particular transaction.

The Board will ensure that all disclosure, approval and other requirements on IPTs, including those required by prevailing legislation, the Listing Manual and accounting standards are complied with.

Save as disclosed under the section "Note to the Financial Statements" on page 69 under Note 24 of this Annual Report, there are no other IPT (with value more than \$100,000) conducted during the financial year ended 31 December 2009.

(H) MATERIAL CONTRACTS

Save for the service contracts entered into with the executive directors (as disclosed in the Company's Prospectus dated 25 June 2007), no material contracts, not being contracts entered into in the ordinary course of business, had been entered into by the Company and its subsidiaries involving the interest of any director or controlling shareholder of the Company during the period under review.

Corporate Governance Report

PARTICULARS OF DIRECTORS PURSUANT TO THE CODE

Name of Director	Age	Board Appointment Executive/ Non-Executive/ Independent	Date Last Appointed	Date Last Re-election	Current Directorship in other Listed Companies	Past Directorship in other Listed Companies
Xu Cheng Qiu	66	Executive Chairman	11 October 2006	18 June 2007	None	None
Liu Jing Fu	58	Executive Director	18 May 2007	22 April 2009	None	None
Xu Jun	40	Executive Director	18 May 2007	18 June 2007	None	None
Ma Ying Qun	36	Executive Director	18 May 2007	22 April 2009	None	None
Ling Yong Wah	44	Non-Executive Director	9 March 2007	29 April 2008	- ElectroTech Investments Limited - EDMI Limited - Shengli Oil & Gas Pipe Holdings Ltd	None
Koh Choon Kong	39	Non-Executive Director	15 November 2009	–	None	None
Tan Lye Heng Paul	45	Lead Independent Director	18 May 2007	29 April 2008	- Second Chance Properties Ltd. - Sin Ghee Huat Corporation Ltd.	None
Lim Heng Chong Benny	39	Independent Director	18 May 2007	29 April 2008	- Ziwo Holdings Ltd	None
Xu Chun Hua	67	Independent Director	18 May 2007	22 April 2009	- Xingda International Holdings Limited	None

Corporate Governance Report

APPENDIX

Code of Corporate Governance Specific principles and guidelines for disclosure

Relevant Guidelines or Principles	Page Reference in this Annual Report
Guideline 1.3 Delegation of authority, by the Board to any Board Committee, to make decisions on certain board matters	17 – 29
Guideline 1.4 The number of board and board committee meetings held in the year, as well as the attendance of every board member at these meetings	18
Guideline 1.5 The type of material transactions that require board approval under internal guidelines	18
Guideline 2.2 Where the company considers a director to be independent in spite of the existence of a relationship as stated in the Code that would otherwise deem him as non-independent, the nature of the director's relationship and the reasons considering him as independent should be disclosed	19
Guideline 3.1 Relationship between the Chairman and CEO where they are related to each other	20
Guideline 4.1 Composition of nominating committee	20 – 21
Guideline 4.5 Process for the selection and appointment of new directors to the board	21 – 22
Guideline 4.6 Key information regarding directors, which directors are executive, non-executive or considered by the nominating committee to be independent	32
Guideline 5.1 Process for assessing the effectiveness of the Board as a whole and the contribution of each individual director to the effectiveness of the Board	22 – 23

Corporate Governance Report

Relevant Guidelines or Principles	Page Reference in this Annual Report
<p>Principle 9 Clear disclosure of its remuneration policy, level and mix of remuneration, procedure for setting remuneration and link between remuneration paid to directors and key executives, and performance</p>	25 – 26
<p>Guideline 9.1 Composition of remuneration committee</p>	24
<p>Guideline 9.2 Names and remuneration of each director. The disclosure of remuneration should be in bands of S\$250,000. There will be a breakdown (in percentage terms) of each director’s remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, and stock options granted and other long-term incentives</p>	26
<p>Guideline 9.2 Names and remuneration of at least the top 6 key executives (who are not also directors). The disclosure should be in bands of S\$250,000 and include a breakdown of remuneration</p>	26
<p>Guideline 9.3 Remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S\$150,000 during the year. The disclosure should be made in bands of S\$250,000 and include a breakdown of remuneration</p>	26
<p>Guideline 9.4 Details of employee share schemes</p>	26
<p>Guideline 11.8 Composition of audit committee and details of the committee’s activities</p>	27 – 28
<p>Guideline 12.2 Adequacy of internal controls, including financial, operational and compliance controls and risk management system</p>	29 – 31

Report Of The Directors

The directors have pleasure in presenting their report to the members together with the audited consolidated financial statements of the Group and the statement of changes in equity of the Company for the financial year ended 31 December 2009 and statement of financial position of the Company as at 31 December 2009.

1. DIRECTORS OF THE COMPANY

The directors in office at the date of this report are:

Executive Directors:

Xu Cheng Qiu (Executive Chairman)
Liu Jing Fu
Xu Jun
Ma Ying Qun

Independent Directors:

Tan Lye Heng Paul (Lead Independent Director)
Lim Heng Chong Benny
Xu Chun Hua

Non-Executive Directors:

Ling Yong Wah
Koh Choon Kong (Appointed on 15 November 2009)

2. ARRANGEMENT TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisitions of shares or debentures of the Company or any other body corporate.

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the register of directors' shareholdings, the directors holding office at the end of the financial year had no interest in the shares or debentures of the Company or its related corporations, except as follows:

	Number of ordinary shares fully paid					
	Shares registered in the name of director			Shares in which a director is deemed to have an interest		
	As at 1.1.2009 or date of appointment, if later	As at 31.12.2009	As at 21.1.2010	As at 1.1.2009 or date of appointment, if later	As at 31.12.2009	As at 21.1.2010
The Company –						
China Sunshin Chemical Holdings Ltd						
(Ordinary shares)						
Xu Cheng Qiu	2,047,000	2,869,000	2,869,000	293,642,550	293,642,550	293,642,550
Liu Jing Fu	720,000	720,000	720,000	–	–	–
Tan Lye Heng Paul	150,000	150,000	150,000	–	–	–
Lim Heng Chong Benny	100,000	100,000	100,000	–	–	–
Ling Yong Wah	100,000	100,000	100,000	–	–	–
Koh Choon Kong	900,000	950,000	950,000	3,226,000	3,226,000	3,226,000
Holding Company –						
Success More Group Ltd						
(Ordinary shares)						
Xu Cheng Qiu *	7,427	7,427	7,427	–	–	–
Xu Jun	812	812	812	–	–	–

Report Of The Directors

* Mr. Xu Cheng Qiu owns 74.27% of Success More Group Ltd which owns 293,642,550 shares in the Company, and as such, by virtue of the provisions of Section 7 of the Singapore Companies Act, Cap.50, is deemed to have an interest in the Company.

4. DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in Notes to the financial statements, since the end of the previous financial year, no director has received or become entitled to receive any benefits by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

5. SHARES OPTIONS

- (a) During the financial year, no option to take up unissued shares of the Company was granted.
- (b) During the financial year, there were no shares of the Company issued by virtue of the exercise of an option to take up unissued shares.
- (c) At the end of the financial year, there were no unissued shares of the Company under option.

6. AUDIT COMMITTEE

The members of the audit committee at the date of this report are as follows:-

Tan Lye Heng Paul – Chairman
Lim Heng Chong Benny
Xu Chun Hua
Koh Choon Kong

Majority of the members of the Audit Committee are independent directors. The Audit Committee carried out its functions in accordance with the Code of Corporate Governance. In performing those functions, the Committee reviewed:

- the audit plan of Company's independent auditor and its report on weakness of internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2009 before their submission to the Board of Directors, as well as the independent auditor's report on the statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group.

The Audit Committee has recommended to the Board of Directors the nomination of Paul Wan & Co, a member firm of Morison International for their appointment as Independent Auditor of the Company at the forthcoming Annual General Meeting of the Company.

Report Of The Directors

7. INDEPENDENT AUDITOR

The independent auditor, Paul Wan & Co, a member firm of Morison International has expressed their willingness to accept re-appointment.

On behalf of the Board

Xu Cheng Qiu
Director

Liu Jing Fu
Director

8 March 2010

Statement By Directors

In the opinion of the directors,

- (a) the accompanying consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company, together with the notes thereon as set out on pages 41 to 77, are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2009 and of the results of the business, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; and
- (b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board

Xu Cheng Qiu
Director

Liu Jing Fu
Director

8 March 2010

Independent Auditor's Report

To The Members Of China Sunsine Chemical Holdings Ltd

We have audited the accompanying financial statements of China Sunsine Chemical Holdings Ltd, (the 'Company') and its subsidiary (collectively the 'Group') as set out on pages 41 to 77, which comprise the statements of financial position of the Group and of the Company as at 31 December 2009, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statements of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap.50 (the 'Act') and Singapore Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and statements of financial position and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Independent Auditor's Report

To The Members Of China Sunsine Chemical Holdings Ltd

Opinion

In our opinion,

- (a) the consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2009 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

PAUL WAN & CO
Public Accountants and
Certified Public Accountants, Singapore
A member firm of Morison International

Wan Tong Chee Paul
Partner

SINGAPORE
8 March 2010

Consolidated Statement Of Comprehensive Income

For The Financial Year Ended 31 December 2009

	Note	The Group	
		2009 RMB'000	2008 RMB'000
Revenue	4	718,389	797,876
Cost of sales		(558,172)	(571,087)
Gross profit		160,217	226,789
Other operating income	5	12,497	12,371
Distribution costs		(23,521)	(28,314)
Administrative expenses		(42,830)	(60,811)
Research costs		(1,280)	(16,562)
Other expenses		(533)	(4,938)
Finance costs	6	(1,446)	(404)
Profit before tax	9	103,104	128,131
Income tax expense	10	(14,780)	(21,421)
Profit for the year		88,324	106,710
Other comprehensive loss, net of tax			
Exchange differences on translation		(1,616)	(3,365)
Total comprehensive income for the year, attributable to owners of the Company		86,708	103,345
		RMB cents	RMB cents
Earnings per share:	11		
– basic		18.41	21.77
– diluted		18.41	21.77

The accompanying notes form an integral part of these financial statements.

Statements Of Financial Position

As at 31 December 2009

	Note	The Group		The Company	
		2009 RMB'000	2008 RMB'000	2009 RMB'000	2008 RMB'000
ASSETS					
Non-Current					
Property, plant and equipment	12	184,106	152,450	–	–
Intangible assets	13	18,042	18,426	–	–
Subsidiary	14	–	–	371,102	350,010
Available-for-sale financial assets	15	13,998	14,245	13,998	14,245
		216,146	185,121	385,100	364,255
Current					
Inventories	16	54,254	66,234	–	–
Available-for-sale financial assets	15	22,430	40,000	2,430	–
Trade and other receivables	17	277,705	186,800	45	16,450
Cash and cash equivalents	18	195,730	184,189	4,674	28,293
		550,119	477,223	7,149	44,743
Total Assets		766,265	662,344	392,249	408,998
Equity Attributable to Owners of the Parent					
Share capital	19	313,471	313,471	313,471	313,471
Treasury shares	19	(12,992)	(6,719)	(12,992)	(6,719)
Reserves	20	298,887	233,748	81,612	89,503
		599,366	540,500	382,091	396,255
LIABILITIES					
Current					
Trade and other payables	21	101,031	74,457	10,158	12,743
Deferred grant	22	6,360	320	–	–
Bank borrowings	23	50,000	–	–	–
Loans from a director	24	–	37,079	–	–
Income tax payable		9,508	9,988	–	–
		166,899	121,844	10,158	12,743
TOTAL EQUITY AND LIABILITIES		766,265	662,344	392,249	408,998

The accompanying notes form an integral part of these financial statements.

Statements Of Changes In Equity

For The Financial Year Ended 31 December 2009

The Group	Note	Share capital RMB'000	Treasury share RMB'000	Exchange			Retained earnings RMB'000	Statutory common reserve RMB'000	Voluntary common reserve RMB'000	Sub-total RMB'000	Total RMB'000
				Share capital RMB'000	Treasury share RMB'000	on translation RMB'000					
Opening balance at 1 January 2009		313,471	(6,719)	(5,367)	305	211,257	13,308	14,245	27,553	540,500	
Total comprehensive income for the year		-	-	(1,616)	-	88,324	-	-	-	86,708	
Transfer to statutory reserve		-	-	-	-	(16,201)	12,136	4,065	16,201	-	
Dividends on ordinary shares	25	-	-	-	-	(21,569)	-	-	-	(21,569)	
Purchase of treasury shares	19	-	(6,273)	-	-	-	-	-	-	(6,273)	
Closing balance at 31 December 2009		313,471	(12,992)	(6,983)	305	261,811	25,444	18,310	43,754	599,366	
Opening balance at 1 January 2008		313,471	-	32	305	123,973	22,591	8,529	31,120	468,901	
Total comprehensive income for the year		-	-	(5,399)	-	108,744	-	-	-	103,345	
Deemed transfer back to retain earnings		-	-	-	-	15,000	(15,000)	-	(15,000)	-	
Transfer to statutory reserve		-	-	-	-	(11,433)	5,717	5,716	11,433	-	
Dividends on ordinary shares	25	-	-	-	-	(25,027)	-	-	-	(25,027)	
Purchase of treasury shares	19	-	(6,719)	-	-	-	-	-	-	(6,719)	
Closing balance at 31 December 2008		313,471	(6,719)	(5,367)	305	211,257	13,308	14,245	27,553	540,500	

The accompanying notes form an integral part of these financial statements.

Statements Of Changes In Equity

For The Financial Year Ended 31 December 2009

The Company	Note	Share capital RMB'000	Treasury share RMB'000	Exchange on translation RMB'000	Retained earnings RMB'000	Total RMB'000
Opening balance at 1 January 2009		313,471	(6,719)	(5,327)	94,830	396,255
Total comprehensive income for the year		-	-	(428)	14,106	13,678
Dividends on ordinary shares	25	-	-	-	(21,569)	(21,569)
Purchase of treasury shares	19	-	(6,273)	-	-	(6,273)
Closing balance at 31 December 2009		313,471	(12,992)	(5,755)	87,367	382,091
Opening balance at 1 January 2008		313,471	-	337	(8,161)	305,647
Total comprehensive income for the year		-	-	(5,664)	128,018	122,354
Dividends on ordinary shares	25	-	-	-	(25,027)	(25,027)
Purchase of treasury shares	19	-	(6,719)	-	-	(6,719)
Closing balance at 31 December 2008		313,471	(6,719)	(5,327)	94,830	396,255

The accompanying notes form an integral part of these financial statements.

Consolidated Statement Of Cash Flows

For The Financial Year Ended 31 December 2009

	Note	2009 RMB'000	2008 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		103,104	128,131
Adjustments for:			
Depreciation of property, plant and equipment	12	23,116	19,156
Amortisation of intangible assets	13	384	384
Exchange on translation		(1,934)	(2,450)
Loss on disposal/written off of property, plant and equipment		282	395
(Written back)/allowance of impairment on trade and other receivables		(4,890)	5,495
Impairment on available-for-sale financial asset		565	-
Interest income		(4,105)	(5,500)
Interest expense		1,446	404
Written back of trade and other payables		(874)	(3,000)
Grant income		(500)	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		116,594	143,015
Cash deposits (restricted in use by)/released from banks		(19,322)	1,874
Decrease/(Increase) in inventories		11,980	(36,051)
(Increase)/Decrease in operating receivables		(86,015)	13,298
Increase in operating payables		27,448	21,580
CASH GENERATED FROM OPERATIONS		50,685	143,716
Interest paid		(1,446)	(404)
Income tax paid		(15,260)	(15,656)
Grant received		500	-
Net cash generated from operating activities		34,479	127,656
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		-	7
Acquisition of property, plant and equipment and intangible assets		(56,164)	(77,263)
Proceeds from disposal of/(Investment in) available-for-sale financial assets	15	17,570	60,000
Interest received		4,105	6,875
Net cash used in investing activities		(34,489)	(10,381)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid	25	(21,569)	(25,027)
Grants received	22	7,150	540
Proceeds from short-term borrowings		80,000	-
Repayment of short-term borrowing		(30,000)	-
Purchase of treasury shares	19	(6,273)	(6,719)
Repayment of loan from a director		(37,079)	(13,197)
Net cash used in financing activities		(7,771)	(44,403)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(7,781)	72,872
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		184,160	111,288
CASH AND CASH EQUIVALENTS AT END OF YEAR	18	176,379	184,160

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2009

These notes form an integral part of and should be read in conjunction with the accompanying combined financial statements.

1. CORPORATE INFORMATION

The financial statements of the Group and of the Company for the year ended 31 December 2009 were authorised for issue in accordance with a resolution of the directors on the date of the Statement by Directors.

The Company was incorporated and domiciled in the Republic of Singapore on 28 June 2006 as a limited private Company under the name of Dongming Petrochemical Holdings Pte. Ltd. on 10 October 2006, the Company changed its name to China SunSine Chemical Holdings Pte. Ltd. on 1 June 2007, the Company was converted to public company and changed its name to China SunSine Chemical Holdings Ltd. The Company was admitted to the Official List of the Singapore Exchange Mainboard on 5 July 2007.

The immediate and ultimate holding company of the Company is Success More Group Ltd. ('Success More'), a company incorporated in the British Virgin Islands.

The registered office and the principal place of business is located at 112 Robinson Road, #12-04, Singapore 068902.

The principal activity of the Company is that of an investment holding company. The principal activity of the subsidiary is stated in Note 14 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements expressed in Chinese Renminbi are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act, Cap.50 and Singapore Financial Reporting Standards ('FRS').

On 1 January 2009, the Group adopted the new or amended FRS and Interpretations to FRS ('INT FRS') that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The following are the new or revised FRS and INT FRS that are relevant to the Group:

- FRS 1 (revised) *Presentation of financial statements* (effective from 1 January 2009). The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. All non-owner changes in equity are shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has chosen to adopt the former alternative. Where comparative information is restated or reclassified, a restated statement of financial position is required to be presented as at the beginning comparative period. There is no restatement of the statement of financial position as at 1 January 2008 in the current financial year.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) *Basis of preparation (cont'd)*

- FRS 108 *Operating segments* (effective from 1 January 2009) replaces FRS 14 Segment reporting, and requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented. Segment revenue, segment profits and segment assets are also measured on a basis that is consistent with internal reporting.
- Amendment to FRS 107 *Improving disclosures about financial statements* (effective from 1 January 2009). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment results in additional disclosures but does not have an impact on the accounting policies and measurement bases adopted by the Group.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiary). Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiary acquired or disposed of during the financial period are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra group transactions, balances, income and expenses are eliminated on consolidation.

In the Company's financial statements, investment in subsidiary is carried at cost less any impairment in net recoverable value on an individual subsidiary basis.

(c) Financial instruments

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, revalues this designation at end of each reporting period.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets, if any.

Loans and receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method less allowance for impairment.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) *Financial instruments (cont'd)*

(ii) Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets. They are included in non-current assets unless management intends to dispose of the investment within 12 months from the end of the reporting period.

Where reliable fair value estimates are not available, these investments are stated at cost less any impairment losses. Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses; interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the other comprehensive income and accumulated in fair value reserve is reclassified to profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

(iii) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank deposits with short maturities and are subject to an insignificant risk of changes in value.

(iv) Non-derivative financial assets

Other non-derivative financial assets are stated at amortised cost using the effective interest rate method, less any impairment losses except for quasi-equity loan receivables from associates and jointly controlled entities, which are stated at cost less accumulated impairment losses.

(v) Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(vi) Non-derivative financial liabilities

Non-derivative financial liabilities including interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

(vii) Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) *Financial instruments (cont'd)*

(viii) Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

(ix) Derecognition of financial assets and financial liabilities

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

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

(d) Property, plant and equipment and depreciation

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the profit or loss. When plant and equipment are sold or retired, their cost and accumulated depreciation and accumulated impairment losses are removed from the financial statements and any gain or loss resulting from their disposal is included in the profit or loss.

Useful lives

Plant and machinery	4 - 7 years
Buildings	12 - 15 years
Motor vehicles	8 years
Office equipment	5 years

No depreciation has been provided for assets under construction.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

For acquisitions and disposals during the financial year, depreciation is provided from the month after acquisition and to the month of disposal respectively.

Fully depreciated property, plant and equipment, if any, are retained in the books of accounts until they are no longer in use.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) *Property, plant and equipment and depreciation (cont'd)*

The residual values and useful lives of property, plant and equipment are reviewed and adjusted as appropriate at the end of each reporting period. The useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefit embodied in the items of property, plant and equipment.

Grants received or receivable for the acquisition of property, plant and equipment are deducted from the cost of the assets acquired to which the grant relates in arriving at the carrying amount of the asset.

(e) Intangible assets

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over the lease term of 50 years.

(f) Inventories

Inventories are stated at the lower of cost (weighted average method) and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Allowance is made, when necessary, for obsolete, slow moving and defective inventories in arriving at the net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

(g) Research costs

Research costs relating to costs incurred on feasibility studies in and testing of new technologies are expensed off when incurred.

(h) Government grant

Government grant was recognised as income over the periods necessary to match the grant with the related costs which they are intended to compensate, unless they are related to the acquisition of property, plant and equipment.

Government grant was not recognised as income until there is a reasonable assurance that the Group will comply with the conditions attaching to it.

Receipt of the grant will not of itself provide conclusive evidence that the conditions attaching to the grant have been or will be fulfilled.

(i) Employee benefits

Retirement benefit costs

Pursuant to the relevant regulations of the People's Republic of China ('PRC') government, the PRC subsidiary of the Group ('PRC Subsidiary') has participated in central pension schemes ('the Schemes') operated by local municipal government whereby the PRC subsidiary is required to contribute a certain percentage of the basic salaries of its employees to the Schemes to fund its retirement benefits. The local municipal government undertake to assume the retirement benefit obligations of all existing and future retired employees of the PRC subsidiary. The only obligation of the PRC subsidiary with respect to the Scheme is to pay the ongoing required contributions under the Schemes mentioned above. Contributions under the Schemes are charged to the consolidated statement of comprehensive income as incurred.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) *Employee benefits (cont'd)*

Retirement benefit costs (cont'd)

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Employee leave entitlement

No provision has been made for employee leave entitlements as any unconsumed annual leave not utilised will be forfeited.

(j) Income taxes

Current tax

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit or loss because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable and deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of reporting period.

Deferred tax

Deferred taxation is provided, using the liability method, on all temporary differences at the end of reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantively enacted at the end of reporting period.

At the end of each reporting period, the Group re-assesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. The Group recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Group conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be utilised.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax losses can be utilised.

(k) Impairment loss

Non-financial assets

The carrying amounts of the Group's assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amounts are estimated in order to determine the extent of the impairment loss (if any). An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The impairment loss is charged to the statement of comprehensive income unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) *Impairment loss (cont'd)*

Non-financial assets (cont'd)

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

Financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investments have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

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

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income.

(l) Provisions

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

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

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

Notes to the Financial Statements

For The Financial Year Ended 31 December 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Provisions (cont'd)

The directors review the provisions annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made.

If the effect of the time value of money is material, if any, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

(m) Borrowing costs

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

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

(n) Revenue recognition

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue excludes relevant value-added taxes and is arrived at after deduction of trade discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Revenue from the sale of rubber chemicals is recognised when goods are sold to customers, which generally coincides with their delivery and acceptance.

Interest income is recognised on a time-apportionment basis using the effective interest method.

Management and consultation services fee is recognised when the services are rendered.

(o) Foreign currency transactions and translation

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company are presented in Renminbi ('RMB'), which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

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

Notes to the Financial Statements

For The Financial Year Ended 31 December 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) *Foreign currency transactions and translation (cont'd)*

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

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Renminbi ('RMB') using the exchange rates prevailing on the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and other currency instruments designated as hedges of such investment, are taken to the foreign currency translation reserve.

(p) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive directors who are responsible for allocating resources and assessing performance of the operating segments.

For the year presented, the Group has one operating segment, which is the manufacture and sale of rubber chemicals. The Group's manufacturing activities operate in the PRC.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

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

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

Critical accounting judgement:

Allowances for doubtful receivables

The Group makes allowances for doubtful debts based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed. The carrying amounts of the Group's trade and other receivables are disclosed in Note 17.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2009

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES (CONT'D)

Income tax

The Group operates in various countries. Significant judgement is required in determining whether items are subject to withholding tax and double taxation relief. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred incomes tax

Management judgement is required in determining the provision for income taxes, deferred tax assets and liabilities and the extent to which deferred tax assets can be recognised. A deferred tax asset is recognised if it is probable that sufficient taxable income will be available in the future against which the temporary differences are unused tax losses can be utilised. Management also considers future taxable income and tax planning strategies in assessing whether deferred tax assets should be recognised.

Critical assumption and estimation uncertainties:

Useful lives of plant and equipment

The estimates for the useful lives and related depreciation charges for plant and equipment is based on commercial and production factors which could change significantly as a result of technical innovations and competitor actions in response to severe market conditions. The depreciation charge is increased when useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete or non-strategic assets that have been abandoned or sold.

Impairment of property, plant and equipment

An assessment is made at each reporting date whether there is any indication that property, plant and equipment may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. If the revised estimated gross margin is lower than that used in the calculations there would be a need to provide for impairment.

4. REVENUE

The Group	2009 RMB'000	2008 RMB'000
Sale of rubber chemicals	718,389	797,876

Notes to the Financial Statements

For The Financial Year Ended 31 December 2009

5. OTHER OPERATING INCOME

The Group	2009 RMB'000	2008 RMB'000
Gain on exchange differences	530	1,667
Interest income		
– available-for-sale financial assets	1,351	4,477
– bank deposits	2,754	1,023
Profit on sale of scrap material	1,211	2,203
Waiver of debt from other payable	874	3,000
Incentive from government	500	–
Reversal of allowance on trade and other receivables	4,890	–
Others	387	1
	12,497	12,371

6. FINANCE COSTS

The Group	2009 RMB'000	2008 RMB'000
Interest on discount notes	118	404
Interest on bank borrowings	1,328	–
	1,446	404

The effective interest rates per annum are as follows:

Discount notes	1.74%	5.95%
Bank loans	5.61%	–

7. EMPLOYEE BENEFIT EXPENSES

The Group	2009 RMB'000	2008 RMB'000
Directors' remuneration		
– salaries and related costs	9,200	11,168
– defined contributions*	4	4
Key management personnel (other than directors)		
– salaries and related costs	1,014	1,186
– defined contributions*	58	86
Other than directors and key management personnel		
– salaries and related costs	45,025	39,236
– defined contributions*	5,204	3,603
	60,505	55,283

Notes to the Financial Statements

For The Financial Year Ended 31 December 2009

7. EMPLOYEE BENEFIT EXPENSES (CONT'D)

The Group	2009 RMB'000	2008 RMB'000
As disclosed in:		
Cost of sales	29,533	26,059
Distribution costs	1,809	1,072
Administrative expenses	28,519	27,416
Research costs	644	736
	60,505	55,283

* Includes contributions under the retirement benefit plans (Note 8).

8. RETIREMENT BENEFIT PLANS

The eligible employees of the Group, who are citizens of the PRC, are members of a state-managed retirement benefit scheme operated by the local government. The Group is required to contribute a certain percentage of their payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The total cost charged to the consolidated statement of comprehensive income for the financial year ended 31 December 2009 was approximately RMB 5,189,000 (2008: RMB 3,584,000), representing defined contribution national pension plan for the period.

9. PROFIT BEFORE TAX

In addition to the charges/ (credits) disclosed elsewhere in the notes to the financial statements, this item included the following:-

The Group	2009 RMB'000	2008 RMB'000
Depreciation of property, plant and equipment	23,116	19,156
Amortisation of intangible assets	384	384
Loss on written off/disposal of property, plant and equipment	282	395
Directors' fees	518	604
Allowance for impairment on trade receivables	–	5,495
Loss on exchange differences	–	3,403

Notes to the Financial Statements

For The Financial Year Ended 31 December 2009

10. INCOME TAX EXPENSE

The Group	2009 RMB'000	2008 RMB'000
Current income tax	14,780	21,421

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on the Group's profits as a result of the following:

The Group	2009 RMB'000	2008 RMB'000
Profit before tax	103,104	128,131
Tax at statutory rate of 17% (2008 – 18%)	17,528	23,064
Income/ expenses not subject to Singapore tax/ tax deduction	(3,477)	–
Deferred tax assets on temporary differences not recognised	9,377	6,488
Effect on different tax rate in China	4,864	7,466
Tax exempt income	(13,512)	(15,597)
	14,780	21,421

The Company's subsidiary became a foreign-owned entity on 9 August 2006 and has been granted full tax exemption with effect from 1 September 2006 for FY2006 to FY2007 and 50% reduction in income tax from FY2008 to FY2010.

No provision for Singapore tax has been made, since the Company did not derive any significant taxable income in Singapore.

No deferred tax has been provided, as the Group has no any significant temporary differences which gave rise to a deferred tax asset or liability at the end of reporting period.

11. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by weighted average of ordinary shares outstanding (excluding treasury shares) during the financial year.

The Group	2009 RMB'000	2008 RMB'000
Profit for the year attributable to equity holders of the Company (in RMB'000)	88,324	106,710
Weighted average number of ordinary shares (in '000)	479,659	490,273
Earnings per share – Basic (RMB cents)	18.41	21.77

There is no dilution as there were no share options outstanding at the end of the financial year.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2009

12. PROPERTY, PLANT AND EQUIPMENT

The Group	Plant and machinery RMB'000	Buildings RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Assets under construction RMB'000	Total RMB'000
Cost						
At 1 January 2008	88,220	36,121	4,378	1,184	41,442	171,345
Additions	14,230	7,932	77	242	45,786	68,267
Grant received	(5,156)	-	-	-	-	(5,156)
Reclassification	53,126	13,731	-	-	(66,857)	-
Disposals	-	-	(56)	-	-	(56)
Written off	(607)	(202)	-	(16)	-	(825)
At 31 December 2008	149,813	57,582	4,399	1,410	20,371	233,575
Additions	9,534	2,746	774	486	42,624	56,164
Grant received	(420)	-	-	-	(690)	(1,110)
Reclassification	9,558	5,019	-	3	(14,580)	-
Written off	-	(75)	(767)	-	-	(842)
At 31 December 2009	168,485	65,272	4,406	1,899	47,725	287,787
Accumulated Depreciation						
At 1 January 2008	51,708	8,913	1,364	463	-	62,448
Depreciation charge for the year	15,773	2,699	521	163	-	19,156
Disposals	-	-	(14)	-	-	(14)
Written off	(401)	(60)	-	(4)	-	(465)
At 31 December 2008	67,080	11,552	1,871	622	-	81,125
Depreciation charge for the year	18,463	3,869	510	274	-	23,116
Written off	-	(16)	(544)	-	-	(560)
At 31 December 2009	85,543	15,405	1,837	896	-	103,681
Net Book Value						
At 31 December 2009	82,942	49,867	2,569	1,003	47,725	184,106
At 31 December 2008	82,733	46,030	2,528	788	20,371	152,450

Assets under construction relates to the construction of production workshop at Facility 2.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2009

13. INTANGIBLE ASSETS

The Group	Land use rights RMB'000	Total RMB'000
Cost		
At 1 January 2008	10,167	10,167
Additions	8,996	8,996
At 31 December 2008	19,163	19,163
Additions	-	-
At 31 December 2009	19,163	19,163
Accumulated Amortisation		
At 1 January 2008	353	353
Amortisation charge for the year	384	384
At 31 December 2008	737	737
Amortisation charge for the year	384	384
At 31 December 2009	1,121	1,121
Net Book Value		
At 31 December 2009	18,042	18,042
At 31 December 2008	18,426	18,426

* The amortisation expense was included in Administrative expenses in the statement of comprehensive income.

Land use rights relate to the following parcels of lands:

Location	Period	Land area (sq m)
Facility 1		
South Lao Ding Dang Road, Shan Cheng	50 years (expiring on 19 August 2053)	2,906.66
South Lao Ding Dang Road, Shan Cheng	50 years (expiring on 19 August 2053)	11,333.33
South East Zhang Zhi Lou, Shan Cheng	50 years (expiring on 29 March 2055)	8,243.00
South East Zhang Zhi Lou, Shan Cheng	50 years (expiring on 29 March 2055)	17,137.00
Facility 2		
Intersection of Jiyuan Road and East Outer Ring Road, Shanxian	50 years (expiring on 2 June 2056)	162,087.00
Intersection of Jiyuan Road and East Outer Ring Road, Shanxian	50 years (expiring on 22 April 2058)	133,855.00

Notes to the Financial Statements

For The Financial Year Ended 31 December 2009

14. SUBSIDIARY

The Company	2009 RMB'000	2008 RMB'000
Unquoted equity investment, at cost	350,010	350,010
Loan to subsidiary	21,092	–
	371,102	350,010

The loan to subsidiary is unsecured, interest free and is not expected to be settled or not likely to be settled in the foreseeable future. This loan is considered as an extension to the Company's net investment in subsidiary.

The Subsidiary is :

	Country of incorporation/ principal place of business	Percentage of Equity held		Principal activities
		2009	2008	
Held by the Company				
Shandong Shanxian Chemical Co.,Ltd * (山东单县化工有限公司)	People's Republic of China	100%	100%	Manufacture and sale of rubber chemicals, comprising rubber accelerators, anti-oxidant agents, anti-scorching agents and insoluble sulphur

* Audited by ShanDong ZhongDa Certified Public Accounts Co., Ltd, a firm of certified public accountants in the PRC for local statutory reporting and audited by Paul Wan & Co, a member firm of Morison International for the purposes of FRS reporting and consolidation.

15. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group		The Company	
	2009 RMB'000	2008 RMB'000	2009 RMB'000	2008 RMB'000
Beginning of the financial year	54,245	116,534	14,245	15,243
Additions	47,430	60,000	2,430	–
Disposals	(65,000)	(121,291)	–	–
Less: Impairment	(565)	–	(565)	–
Exchange difference	318	(998)	318	(998)
End of the financial year	36,428	54,245	16,428	14,245
Less: current portion	(22,430)	(40,000)	(2,430)	–
Non-current portion	13,998	14,245	13,998	14,245

Notes to the Financial Statements

For The Financial Year Ended 31 December 2009

15. AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONT'D)

Available-for-sale financial assets are analysed as follows:

		The Group		The Company	
		2009 RMB'000	2008 RMB'000	2009 RMB'000	2008 RMB'000
Unquoted securities with banks					
- #1	(i)	4,860	4,748	4,860	4,748
- #2	(ii)	9,138	9,497	9,138	9,497
- #3	(iii)	20,000	-	-	-
- #4	(iv)	2,430	-	2,430	-
- #5	(v)	-	30,000	-	-
- #6	(vi)	-	10,000	-	-
		36,428	54,245	16,428	14,245
Fair value:					
Unquoted securities with banks		36,428	54,245	16,428	14,245

- (i) The available-for-sale financial asset #1 relates to a SGD 1,000,000 investment in Barclays 5Y 100% PP Callable Daily Range Accrual Note with capital-protected nature on Singapore banks. The maturity date of the investment is 5 October 2012.
- (ii) The available-for-sale financial asset #2 relates to a SGD 2,000,000 investment in UBS 5Y SGD FTD Note IV. The said financial asset bears interest at 3% per annum and matures on 20 June 2013. However, an impairment of SGD 120,000 has been provided at the end of the financial year.
- (iii) The available-for-sale financial asset #3 relates to a RMB 20,000,000 investment in 乾元通财-2009双月盈 issued by the China Construction Bank. The said financial asset bears interest at 2.40% per annum and matures on 1 January 2010.
- (iv) The available-for-sale financial asset #4 relates to a SGD 500,000 investment in bond held by a Singapore bank, with interest rate at 5% per annum and matures on 27 February 2010.
- (v) The available-for-sale financial asset #5 relates to a RMB 30,000,000 investment in 利德盈2008年第32期理财产品 issued by the China Construction Bank. The said financial asset bears interest at 2.70% per annum and matures on 2 January 2009.
- (vi) The available-for-sale financial asset #6 relates to a RMB 10,000,000 investment in 农行委托贷款 to 单县东大医院. The said financial asset bore interest at 12.6% per annum and matured on 14 December 2009.

In the opinion of the management of the Group, the book values of the available-for-sale financial assets approximate their fair values.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2009

16. INVENTORIES

The Group	2009 RMB'000	2008 RMB'000
At cost:		
Raw materials	35,093	35,935
Packing materials	1,826	1,810
Finished goods	17,335	28,489
	54,254	66,234
Inventories charged to cost of sales	583,574	501,838

The aging of the inventory turnover approximates 39 days (2008: 31 days).

17. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2009 RMB'000	2008 RMB'000	2009 RMB'000	2008 RMB'000
Trade receivables				
External parties	128,334	107,385	-	-
Notes receivables	53,114	68,570	-	-
Less: Allowance for impairment	(243)	(6,140)	-	-
	181,205	169,815	-	-
Other receivables				
Advances to suppliers	26,460	11,404	-	-
Down-payment for assets under construction	6,125	285	-	-
Staff advances	334	560	-	-
Amount owing by subsidiary	-	-	-	16,283
Loans to third parties	44,500	1,000	-	-
VAT receivables	10,106	2,495	-	-
Prepayment	3,745	295	34	133
Other deposits	-	623	-	-
Others	6,237	323	11	34
Less: Allowance for impairment	(1,007)	-	-	-
	96,500	16,985	45	16,450
	277,705	186,800	45	16,450

Notes to the Financial Statements

For The Financial Year Ended 31 December 2009

17. TRADE AND OTHER RECEIVABLES (CONT'D)

The carrying amount of trade and other receivables individually determined to be impaired and the movements of the related impairment are as follows:

	The Group		The Company	
	2009 RMB'000	2008 RMB'000	2009 RMB'000	2008 RMB'000
Beginning of financial year	6,140	645	–	–
Charge for the year	1,366	6,092	–	–
Less: written back	(4,377)	(597)	–	–
Less: written off	(1,879)	–	–	–
End of financial year	1,250	6,140	–	–

The age analysis of trade and other receivables past due and impaired are as follows:

	The Group		The Company	
	2009 RMB'000	2008 RMB'000	2009 RMB'000	2008 RMB'000
Past due over 3 months	128	2,191	–	–
Past due over 9 months	1,122	3,949	–	–
	1,250	6,140	–	–

Trade receivables are usually due within 30-90 days and do not bear any effective interest rate. All trade receivables are subject to credit risk exposure. The Group does not identify specific concentrations of credit risk with regards to trade receivables, as the amounts recognised resemble a large number of receivables from various customers. However, there are specific provisions made to a third party and an ex-employee where their collectability becomes uncertain.

Allowance for impairment on trade and other receivables of RMB 243,000 (2008: RMB 6,140,000) and RMB 1,007,000 (2008: RMB Nil) respectively, have been made where the collectability of debts becomes uncertain.

The average trade receivables turnover for the year approximates 58 days (2008: 52 days). Notes receivables are non-interest bearing and have a maturity period from 1 to 180 days (2008: 1 to 180 days).

The maturity date of notes receivables from customers are as follows:

The Group	2009	2008
The earliest date	1 January 2010	2 January 2009
The latest date	30 June 2010	24 June 2009

The loans to third parties are secured either by land and property or shares with interest at rate ranging from 8% to 18% per annum except the non-interest bearing loan to local government. These are short-term loans which are to be repaid within a year.

In the opinion of the management of the Group, the fair value of collateral held is estimated to approximate the carrying amounts of the loans.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2009

18. CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows, the cash and cash equivalents comprised the following:

	The Group		The Company	
	2009 RMB'000	2008 RMB'000	2009 RMB'000	2008 RMB'000
Cash at bank and on hand	128,127	162,155	1,271	6,259
Short-term deposits	67,603	22,034	3,403	22,034
	195,730	184,189	4,674	28,293
Cash restricted in use	(19,351)	(29)	–	–
Cash not restricted in use	176,379	184,160	4,674	28,293

Cash restricted in use represents bank balances held by bankers to cover notes payables (Note 21).

The short-term deposit earns interest at rates ranging from 0.21% to 1.71% (2008: 0.45%) per annum and for a tenor of approximately 1 to 3 months (2008: 1 month).

19. SHARE CAPITAL AND TREASURY SHARES

a) Share capital

	The Group and The Company		
	No. of shares	SGD'000	RMB'000
2009			
Beginning and end of financial year	491,694,000	62,649	313,471
2008			
Beginning and end of financial year	491,694,000	62,649	313,471

b) Treasury shares

	The Group and The Company		
	No. of shares	SGD'000	RMB'000
2009			
Beginning of financial year	7,253,000	(1,415)	(6,719)
Acquired	7,084,000	(1,333)	(6,273)
End of financial year	14,337,000	(2,748)	(12,992)
2008			
Beginning of financial year	–	–	–
Acquired	7,253,000	(1,415)	(6,719)
End of financial year	7,253,000	(1,415)	(6,719)

Notes to the Financial Statements

For The Financial Year Ended 31 December 2009

19. SHARE CAPITAL AND TREASURY SHARES (CONT'D)

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Group's residual assets.

Treasury shares relate to ordinary shares of the Company that is held by the Company.

The Company acquired 7,084,000 (2008: 7,253,000) of its shares in the open market during the financial year. The total amount paid to acquire the shares was SGD 1,333,000 (2008: SGD 1,415,000) presented as a component within shareholders' equity.

20. RESERVES

	The Group		The Company	
	2009 RMB'000	2008 RMB'000	2009 RMB'000	2008 RMB'000
Merger reserve	305	305	–	–
Statutory common reserve (i)	25,444	13,308	–	–
Voluntary common reserve (ii)	18,310	14,245	–	–
	44,059	27,858	–	–
Retained earnings	261,811	211,257	87,367	94,830
Exchange on translation	(6,983)	(5,367)	(5,755)	(5,327)
	298,887	233,748	81,612	89,503

Merger reserve

The merger reserve arises from the difference between the purchase consideration and the carrying value of the entire interest acquired under the pooling-of-interests method of consolidation in the restructuring process carried out in year 2007.

Exchange on translation

The exchange on translation relates to exchange difference arising from translation of the financial statements of the Company.

Other reserves

According to the Company Law of PRC and Articles of Association of Shandong Shanxian, the subsidiary is required to provide the following statutory reserves which are appropriated from the net profit as reported in the PRC statutory financial statements:

Notes to the Financial Statements

For The Financial Year Ended 31 December 2009

20. RESERVES (CONT'D)

Other reserves (cont'd)

(i) Statutory common reserve

A company is required each year to transfer 10% of the profit after tax as reported in its PRC statutory financial statements to statutory common reserve, except where the fund has reached 50% of the company's registered capital. This fund can be used to make up for any losses incurred or be converted into paid-up capital, provided that the fund does not fall below 25% of the registered capital.

(ii) Voluntary common reserve

In accordance with the relevant laws and regulations in the People's Republic of China, the subsidiary is allowed to appropriate a minimum of 10% of the net profit after tax reported in the statutory accounts to the voluntary common reserve which serves as staff welfare fund until the balance of such reserve reached 50% of its registered share capital.

The amount to be set aside is determined by the Board of Directors annually in accordance with the relevant regulations. This reserve cannot be used for purposes other than those for which is created and is not distributable as cash dividends.

21. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2009 RMB'000	2008 RMB'000	2009 RMB'000	2008 RMB'000
Trade payables				
External parties	29,990	9,505	–	–
Notes payables	3,857	–	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
	33,847	9,505	–	–
Other payables				
Advances received from customers	4,477	1,986	–	–
Payable for construction of building	5,536	–	–	–
Accruals for land instalment payments	8,860	8,928	–	–
Accruals for operating costs	4,797	9,022	857	1,975
Other government taxes payables	5,047	1,169	–	–
Provision for directors' remunerations	9,326	10,484	9,173	10,204
Salaries and related costs payables	8,641	7,750	108	299
Loans from third parties	750	750	–	–
Other payables	4,705	9,786	20	265
Research and development cost payables	15,045	15,077	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
	67,184	64,952	10,158	12,743
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	101,031	74,457	10,158	12,743
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Notes to the Financial Statements

For The Financial Year Ended 31 December 2009

21. TRADE AND OTHER PAYABLES (CONT'D)

The fair value of trade and other payables have not been disclosed as, due to their short duration, management considers the carrying amounts recognised in the statement of financial position to be reasonable approximation of their fair values. The average trade payables turnover for the year approximates 16 days (2008: 10 days).

Notes payables are secured on bank deposits (Note 18) with no interest charged.

The notes payables mature at varying date as follows:

The Group	2009	2008
The earliest date	1 January 2010	–
The latest date	25 June 2010	–

The accruals of RMB 8,860,000 (2008: RMB 8,928,000) for land instalment payments are determined on the basis of the obligations to pay for the use of land over a period of fifty years, commencing at their respective dates, 10 November 2003, 31 March 2005, 23 June 2006 and 23 April 2008. The annualised rental payable is RMB 265,379 over 50 years and is interest-free.

The loans from third parties of RMB 750,000 are unsecured, interest-free and repayable on demand.

22. DEFERRED GRANT

The Group	2009 RMB'000	2008 RMB'000
Beginning of financial year	320	4,936
Amount received from governmental agencies	7,150	540
Utilised during the year	(1,110)	(5,156)
End of financial year	6,360	320

Deferred grant relates to government grants received from governmental agencies for research activities undertaken by the Group's subsidiary in People's Republic of China to promote pollution prevention and technologies advancement.

There are no unfulfilled conditions or contingencies attached to these grants.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2009

23. BANK BORROWINGS

The Group	2009 RMB'000	2008 RMB'000
Short-term bank loan	50,000	–
The effective interest rate paid was as follow:		
Bank loan	5.61%	–

The carrying amount which is denominated in Chinese Renminbi approximates to its fair value due to its short-term nature as of the end of reporting period.

This is an unsecured bank loan and is repayable in June 2010.

24. LOANS FROM A DIRECTOR

The Group

As part of the terms and conditions set out in the two convertible loan agreements dated 18 January 2007 (as supplemented by an agreement dated 26 March 2007), and 27 January 2007 (as supplemented by an agreement dated 26 March 2007), Xu Cheng Qiu (the Executive Chairman) entered into two separate loan agreements dated 18 January 2007 with the subsidiary, in which Xu Cheng Qiu granted loans of an aggregate amount of USD 6.5 million (equivalent to approximately RMB 50 million) to the subsidiary which represents quasi-equity loan. The loans are interest-free. Accordingly, it is not practicable to determine the fair value of these loans. The loans granted by Xu Cheng Qiu are to be used solely for the business operations of the subsidiary, and can be repaid upon company's initial public offer, subject to approval from the Audit Committee. These loans have been fully repaid in cash during the financial year.

25. DIVIDENDS

The Company	2009 RMB'000	2008 RMB'000
Declared and paid during the financial year:		
<i>Dividend on ordinary shares:</i>		
– Interim exempt (one-tier) dividend at S\$0.01 (2008: S\$0.01) per share	21,569	25,027
	21,569	25,027

In respect of the current year, the directors propose a final dividend of SGD0.01 per share and will be paid to shareholders in 2010. These one-tier tax exempt dividends are subject to approval by the shareholders at the Annual General Meeting and have not been included as a liability in these financial statements. The proposed dividend is payable to all shareholders on the Register of Members at the books closure date which will be decided at a later date. The total estimated dividends to be paid is SGD 4,844,110.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2009

26. CAPITAL COMMITMENTS

The Group	2009 RMB'000	2008 RMB'000
Expenditure contracted for		
– construction of new factory plant	7,123	5,464
– purchase of plant and machinery	12,631	506
– installation of machinery	3,314	386
	23,068	6,356

27. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain the Group at a net current asset position by means of funding and financial support from the shareholders, in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may acquire further funding from the shareholders, or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 December 2009 and 31 December 2008.

Management monitors capital based on the Group's gearing ratio, actual cash flows and cash requirements on a regular basis. Neither the Company nor its subsidiary is subject to externally imposed capital requirements.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial instruments carried on the statement of financial position mainly consist of available-for-sale financial assets, cash and cash equivalents, receivables, payables and bank borrowings.

The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2009

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Interest rate risk (cont'd)

The Group's policy is to obtain the most favourable interest rates available and to maintain an efficient optimal interest cost structure using a mix of fixed and variable rate debt.

The Group's exposure to interest rate risk is minimal as the Group has no significant exposure to variable interest rate instruments.

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Group does not hold any quoted or marketable financial instrument, other than as disclosed in Note 16 to the financial statements.

However, the Group is exposed to the market price for its principal raw materials which relate mainly to aniline.

To illustrate, a 10% increase in the price of aniline for the financial year ended 31 December 2009 and 2008 would have the effect of decreasing the net profit by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	31 December 2009 RMB'000	31 December 2008 RMB'000
Aniline	14,921	14,534

A 10% decrease in the price of aniline for the financial year ended 31 December 2009 and 2008 would have had the equal opposite effect on the amount shown above, on the basis that all other variables remain constant.

Foreign currency risk

Foreign currency risk is the risk that value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group incurs foreign currency risk in sales and capital flows that are denominated in currencies other than Renminbi ('RMB'). The currencies giving rise to this risk are primarily United States dollar, Singapore dollar and Euro dollar.

There is no formal hedging policy with respect to foreign currency exposure. Exposure to foreign currency risk is monitored on an on-going basis and the Group endeavours to keep the net exposure at an acceptable level.

Currently, the PRC government imposes control over foreign currencies. RMB, the official currency of PRC is not freely convertible. Enterprises operating in the PRC can enter into exchange transactions through the People's Bank of China or other authorised financial institutions.

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

Notes to the Financial Statements

For The Financial Year Ended 31 December 2009

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Foreign currency risk (cont'd)

The Group

As at 31 December 2009

	RMB RMB'000	SGD RMB'000	USD RMB'000	EUR RMB'000	Total RMB'000
Financial assets					
Available-for-sale financial assets	20,000	16,428	–	–	36,428
Trade and other receivables	181,781	11	55,051	4,533	241,376
Cash and cash equivalents	185,256	4,674	5,192	608	195,730
	387,037	21,113	60,243	5,141	473,534
Financial liabilities					
Trade and other payables	78,563	10,158	7,834	–	96,555
Bank borrowings	50,000	–	–	–	50,000
	128,563	10,158	7,834	–	146,555
Net financial assets					
	258,474	10,955	52,409	5,141	326,979
Less: Financial assets denominated in functional currency	(258,474)	–	–	–	
Currencies exposure					
	–	10,955	52,409	5,141	

As at 31 December 2008

	RMB RMB'000	SGD RMB'000	USD RMB'000	EUR RMB'000	Total RMB'000
Financial assets					
Available-for-sale financial assets	40,000	14,245	–	–	54,245
Trade and other receivables	133,744	34	40,415	–	174,193
Cash and cash equivalents	148,087	28,293	7,809	–	184,189
	321,831	42,572	48,224	–	412,627
Financial liabilities					
Trade and other payables	59,290	12,745	435	–	72,470
Loans from a director	37,079	–	–	–	37,079
	96,369	12,745	435	–	109,549
Net financial assets					
	225,462	29,827	47,789	–	303,078
Less: Financial assets denominated in functional currency	(225,462)	–	–	–	
Currencies exposure					
	–	29,827	47,789	–	

Notes to the Financial Statements

For The Financial Year Ended 31 December 2009

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Foreign currency risk (cont'd)

The Company

As at 31 December 2009

	RMB RMB'000	SGD RMB'000	Total RMB'000
Financial assets			
Available-for-sale financial assets	–	16,428	16,428
Trade and other receivables	–	11	11
Loan to subsidiary	5,000	16,092	21,092
Cash and cash equivalents	–	4,674	4,674
	5,000	37,205	42,205
Financial liabilities			
Trade and other payables	–	10,158	10,158
	–	10,158	10,158
Net financial assets	5,000	27,047	32,047
Less: Financial assets denominated in functional currency	(5,000)	–	
Currency exposure	–	27,047	

As at 31 December 2008

	RMB RMB'000	SGD RMB'000	Total RMB'000
Financial assets			
Available-for-sale financial assets	–	14,245	14,245
Trade and other receivables	5,984	10,333	16,317
Cash and cash equivalents	–	28,293	28,293
	5,984	52,871	58,855
Financial liabilities			
Trade and other payables	–	12,743	12,743
	–	12,743	12,743
Net financial assets	5,984	40,128	46,112
Less: Financial assets denominated in functional currency	(5,984)	–	
Currency exposure	–	40,128	

Notes to the Financial Statements

For The Financial Year Ended 31 December 2009

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Foreign currency risk (cont'd)

The following table details the sensitivity to a 2% (2008: 6%) increase and decrease in the relevant foreign currencies against the functional currency of each group entity. 2% (2008: 6%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at end of reporting period for a 2% (2008: 6%) change in foreign currency rates. This analysis assumes that all other variables, including tax rate being held constant.

The Group	2009	2008
	Profit after tax RMB'000	Profit after tax RMB'000
	← Increase/(Decrease) →	
SGD against RMB		
– strengthened	219	1,886
– weakened	(219)	(1,886)
USD against RMB		
– strengthened	1,048	3,022
– weakened	(1,048)	(3,022)
EUR against RMB		
– strengthened	103	–
– weakened	(103)	–
	← Increase/(Decrease) →	
The Company	2009	2008
	Profit after tax RMB'000	Profit after tax RMB'000
SGD against RMB		
– strengthened	541	2,538
– weakened	(541)	(2,538)

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Cash and cash equivalents are placed with reputable financial institutions. Therefore, credit risk arises mainly from the inability of its customers to make payments when due. The amounts presented in the statement of financial position are net of allowance for impairment of receivables, estimated by management based on prior experience and the current economic environment.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2009

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Credit risk (cont'd)

The carrying amounts of trade and other receivables represent the Group's maximum exposure to credit risk in relation to its financial assets. The Group has no other concentration of credit risk other than as at 31 December 2009, the five largest trade receivables which represent approximately 20% (2008: 24%) of the total trade receivables at the end of the reporting period. No other financial assets carrying a significant exposure to credit risk except for the loan to third parties (Note 17).

The Group trades only with recognised and credit worthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The credit terms granted to customers are recommended by the Group's sales department and approved by the Group's Executive Chairman, Xu Cheng Qiu, and are determined based on the credit worthiness, payment history, transaction volume, financial background, market reputation and the existing relationship that having with customers.

Concentration of credit risk exists when changes in economic, industry or geographical factors similarly affect group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents, investment securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Trade and other receivables (Note 17).

Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligation as they fall due. The Group's approach in managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

At the end of the reporting period, all the liabilities of the Group are due within one year. There are sufficient cash and cash equivalents available to meet the liabilities when they fall due.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2009

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Fair value of financial assets and financial liabilities

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

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities (excluding derivatives instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Available-for-sale financial assets measured at fair value based on Level 2 fair value hierarchy. The carrying amount of the investments is disclosed in Note 15.

29. SEGMENT INFORMATION

The Group is substantially in one business segment, namely the sale and the manufacture of rubber chemicals relating rubber accelerators, anti-oxidant agents and anti-scorching agents. Accordingly, no business segment information is presented. For geographical segment information, the revenue is based on where the customers are located.

The Group	2009 RMB'000	2008 RMB'000
Revenue		
PRC	437,455	447,199
Rest of Asia	166,744	254,425
Europe	25,876	49,381
America	53,900	18,661
Other countries	34,415	28,210
	718,390	797,876

Notes to the Financial Statements

For The Financial Year Ended 31 December 2009

30. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

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

- FRS 27 – Consolidated and Separate Financial Statements (Revised)
- FRS 103 – Business Combination (Revised)
- Improvements to Financial Reporting Standards

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

FRS 27 (revised) Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009).

FRS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting treatment when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply FRS 27 (revised) prospectively to transactions with minority interests from 1 January 2010.

FRS 103 (revised) Business Combinations (effective for annual periods beginning on or after 1 July 2009)

FRS 103 (revised) continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the profit or loss. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply FRS 103 (revised) prospectively to all business combinations from 1 January 2010.

At the date of authorisation of these financial statements, management anticipates that the adoption of the other FRSs and the amendments to FRSs that were issued but effective only in future periods will not have a material impact on the financial statements of the Group and the Company in the period of their initial adoption.

Statistics of Shareholdings

As at 19 March 2010

SHARE CAPITAL

Number of Issued Shares	:	491,694,000
Number of Issued Shares (excluding Treasury Shares)	:	477,357,000
Number/Percentage of Treasury Shares	:	14,337,000 / 3.0%
Class of Shares	:	Ordinary Shares
Voting Rights (excluding Treasury Shares)	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
No. of ordinary shares held				
1 – 999	0	0.00	0	0.00
1,000 – 10,000	939	45.58	5,827,000	1.22
10,001 – 1,000,000	1,095	53.16	65,838,000	13.79
More than 1,000,000	26	1.26	405,692,000	84.99
Grand Total	2,060	100.00	477,357,000	100.00

TWENTY LARGEST ORDINARY SHAREHOLDERS

(As shown in the Register of Members and Depository Register)

No.	Name of Shareholders	No. of Shares	%
1	SUCCESS MORE GROUP LIMITED	293,642,550	61.51
2	CIMB-GK SECURITIES PTE. LTD.	22,546,340	4.72
3	ASTRONOMIC CAPITAL GROUP INC	11,257,762	2.36
4	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	6,796,700	1.42
5	HSBC (SINGAPORE) NOMINEES PTE LTD	6,099,648	1.28
6	LU WEI	6,025,000	1.26
7	2G CAPITAL PTE LTD	5,850,000	1.23
8	REN YUANLIN	5,800,000	1.22
9	XU XIANLEI	5,799,000	1.21
10	CHIA KEE KOON	5,403,000	1.13
11	PHILLIP SECURITIES PTE LTD	4,746,000	0.99
12	WU WING YEU MICHAEL	3,610,000	0.76
13	RAFFLES NOMINEES (PTE) LTD	2,910,000	0.61
14	XU CHENGQIU	2,869,000	0.60
15	DBS NOMINEES PTE LTD	2,831,650	0.59
16	WARREN CAPITAL PTE LTD	2,425,000	0.51
17	MAYBAN NOMINEES (SINGAPORE) PTE LTD	2,376,000	0.50
18	OCBC SECURITIES PRIVATE LTD	2,296,000	0.48
19	KIM ENG SECURITIES PTE. LTD.	2,182,350	0.46
20	YAN TANGFENG	1,756,000	0.37
	TOTAL	397,222,000	83.21

Statistics of Shareholdings

As at 19 March 2010

SHAREHOLDINGS HELD IN THE HANDS OF PUBLIC

Based on the information available to the Company as at 19 March 2010, approximately 36.80% of the issued ordinary shares of the Company excluding treasury shares are held by the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited.

SUBSTANTIAL SHAREHOLDERS

(As shown in the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Success More Group Ltd ⁽¹⁾	293,642,550	61.51	–	–
Xu Cheng Qiu ⁽¹⁾	2,869,000	0.60	293,642,550	61.51

Note:

⁽¹⁾ By virtue of Section 7 of Companies Act, Mr Xu Cheng Qiu is deemed to be interested in the 293,642,550 shares held by Success More Group Ltd.

Notice of Annual General Meeting

to the Members of China SunSine Chemical Holdings Ltd.

(Company Registration No. 200609470N)

(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of China SunSine Chemical Holdings Ltd. (the "**Company**") will be held at FTSE Room, 9th Floor, Capital Tower, 168 Robinson Road, Singapore 068912 on Thursday, 29 April 2010 at 9.30 a.m. for the purpose of transacting the following businesses:-

As Ordinary Business:-

1. To receive and adopt the Directors' Report and Audited Accounts for the financial year ended 31 December 2009, together with the Independent Auditors' Report thereon. **(Resolution 1)**
2. To declare a tax exempt (one-tier) final dividend of S\$0.01 per ordinary share for the financial year ended 31 December 2009. **(Resolution 2)**
3. To re-elect the following directors retiring by rotation under Article 104 of the Company's Articles of Association:-
 - (i) Mr Xu Cheng Qiu; **(Resolution 3)**
 - (ii) Mr Xu Jun; and **(Resolution 4)**
 - (iii) Mr Ling Yong Wah. **(Resolution 5)**
4. To re-elect Mr Koh Choon Kong, a director retiring under Article 114 of the Company's Articles of Association. **[See Explanatory Note 1]** **(Resolution 6)**
5. To approve the amount of S\$123,000 proposed as Directors' Fees for the financial year ended 31 December 2009 (2008 : S\$123,000). **(Resolution 7)**
6. To re-appoint Messrs Paul Wan & Co. as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 8)**
7. To transact any other ordinary business that may be properly transacted at an annual general meeting.

As Special Business:-

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

8. **SHARE ISSUE MANDATE** **(Resolution 9)**

"That pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors to:

- (a)
 - (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

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

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

provided that:

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

Notice of Annual General Meeting

to the Members of China Sunshine Chemical Holdings Ltd.

(Company Registration No. 200609470N)

(Incorporated in the Republic of Singapore)

- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of passing this Resolution, after adjusting for:
- (i) new shares arising from the conversion or exercise of any convertible securities;
 - (ii) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
 - (iii) any subsequent bonus issue, consolidation or sub-division of shares;
- (3) the fifty per cent. (50%) limit under sub-paragraph (1) above, may be increased to one hundred per cent. (100%) for issue of shares and/or Instruments by way of a renounceable rights issue where shareholders of the Company are entitled to participate in the same on a pro-rata basis;
- (4) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (5) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier."
[See Explanatory Note 2]

9. ISSUE OF SHARES AT A DISCOUNT (Resolution 10)

"That subject to and pursuant to the share issue mandate in Ordinary Resolution No. 9 above being obtained, authority be and is hereby given to the Directors of the Company to issue new shares other than on a pro-rata basis to shareholders of the Company at an issue price per new share which shall be determined by the Directors in their absolute discretion provided that such price shall not be more than a twenty per cent. (20%) discount to the weighted average price per share determined in accordance with the requirements of the SGX-ST."
[See Explanatory Note 3]

10. RENEWAL OF SHARE PURCHASE MANDATE (Resolution 11)

"That for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50, the Directors of the Company be and are hereby authorised to make purchases of shares from time to time, whether by way of market purchases or off-market purchases (in accordance with any equal access scheme) of up to ten per cent. (10%) of the issued ordinary share capital of the Company as at the date of this Resolution ("**Prescribed Limit**"), excluding any shares held as treasury shares, at the price to be determined by the Directors of up to but not exceeding the Maximum Price as set out on page 8 of the Circular to shareholders of the Company dated 14 April 2010 (the "**Circular**"), and unless revoked or varied by the Company in general meeting, this mandate shall continue and be in force until the date on which the next annual general meeting of the Company is held or required by law to be held, or the date on which the share purchases are carried out in full to the Prescribed Limit mandated, or the time when the authority conferred by this mandate is revoked or varied by the shareholders of the Company in general meeting, whichever is earlier."
[See Explanatory Note 4]

By Order Of The Board

YAK THIAN HUAT DAVE
 HO CHEE TONG
 Joint Company Secretaries

Singapore, 14 April 2010

Notice of Annual General Meeting

to the Members of China SunSine Chemical Holdings Ltd.

(Company Registration No. 200609470N)

(Incorporated in the Republic of Singapore)

EXPLANATORY NOTES:

1. Mr Koh Choon Kong will, upon re-election as a Director of the Company, remain as a member of the Audit Committee. Mr Koh is a Non-Executive Director.
2. The Ordinary Resolution 9 proposed in item 8 above, if passed, will authorise the Directors of the Company from the date of this Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, fifty per cent. (50%) of the issued shares (excluding treasury shares) in the capital of the Company, of which up to twenty per cent. (20%) may be issued other than on a pro-rata basis to existing shareholders of the Company, save that such number shall be up to one hundred per cent. (100%) of the issued shares (excluding treasury shares) in the capital of the Company in relation to a pro-rata renounceable rights issue to shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share outstanding or subsisting at the time when this Resolution is passed and any subsequent consolidation or subdivision of shares.

The allotment of and issuance of shares in the Company up to one hundred per cent. (100%) of its issued capital by way of a pro-rata renounceable rights issue is one of the new measures introduced by the SGX-ST, in consultation with the Monetary Authority of Singapore, to accelerate and facilitate listed issuers' fund raising efforts. This new measure takes effect on 20 February 2009 and will be effective until 31 December 2010.
3. The Ordinary Resolution 10 proposed in the item 9 above, if passed, will authorise the Directors of the Company to allot and issue new shares other than on a pro-rata basis at a discount not exceeding twenty per cent. (20%), as compared to ten per cent. (10%) allowed previously. This is also a new measure introduced by the SGX-ST, and this authority will continue in force until the next annual general meeting of the Company.
4. The Ordinary Resolution 11 proposed in the item 10 above, if passed, will renew the Share Purchase Mandate, which was originally approved by the shareholders of the Company at the last Extraordinary General Meeting on 29 April 2008. The Company bought 7,084,000 shares during the financial year ended 31 December 2009. Detailed information on the Renewal of the Share Purchase Mandate is set out in the Circular to shareholders of the Company dated 14 April 2010.

NOTES:

- (i) A member of the Company entitled to attend and vote at the above Meeting may appoint not more than two proxies to attend and vote instead of him.
- (ii) Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.
- (iii) If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer of attorney duly authorised.
- (iv) The instrument appointing a proxy must be deposited at the registered office of the Company at 112 Robinson Road, #12-04, Singapore 068902 not less than 48 hours before the time appointed for holding the above Meeting.

NOTICE OF BOOK CLOSURE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 4 May 2010, for the purpose of determining shareholders' entitlement to the final dividend, subject to the approval of the shareholders at the Annual General Meeting of the Company to be held on 29 April 2010.

Duly completed registrable transfers in respect of the shares in the Company received by the Company's Share Registrar, Trico Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) of 8 Cross Street #11-00 PWC Building, Singapore 048424 up to 5.00 p.m. on 3 May 2010 will be registered to determine shareholders' entitlements to the final dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with shares in the Company as at 5.00 p.m. on 3 May 2010, will be entitled to the proposed final dividend.

The proposed final dividend, if approved by the shareholders at the Annual General Meeting, will be paid on 18 May 2010.

Proxy Form

Annual General Meeting

Important:

1. For investors who have used their CPF monies to buy the Shares, this report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

CHINA SUNSINE CHEMICAL HOLDINGS LTD.

(Company Registration No. 200609470N)

(Incorporated in the Republic of Singapore)

I/We, _____ (Name)

of _____ (Address)

being a member/members of CHINA SUNSINE CHEMICAL HOLDINGS LTD. (the "**Company**"), hereby appoint the Chairman of the Meeting or:

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)

as my/our proxy/proxies to vote for me/us on my/our behalf, at the Annual General Meeting ("**AGM**") of the Company, to be held at FTSE Room, 9th Floor, Capital Tower, 168 Robinson Road, Singapore 068912 on Thursday, 29 April 2010 at 9.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the AGM.

No.	Resolutions relating to:	For*	Against*
1	Adoption of Directors' Report and Audited Accounts for the financial year ended 31 December 2009, together with the Independent Auditors' Report thereon		
2	Declaration of a tax exempt (one-tier) final dividend of S\$0.01 per ordinary share for the financial year ended 31 December 2009		
3	Re-election of Mr Xu Cheng Qiu as a Director		
4	Re-election of Mr Xu Jun as a Director		
5	Re-election of Mr Ling Yong Wah as a Director		
6	Re-election of Mr Koh Choon Kong as a Director		
7	Approval of the payment of Directors' fees of S\$123,000 for the financial year ended 31 December 2009		
8	Re-appointment of Messrs Paul Wan & Co. as the Company's Auditors, and to authorise the Directors to fix their remuneration		
9	Authority for Directors to allot and issue new shares pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the SGX-ST		
10	Authority to issue and allot new shares other than on a pro-rata basis at a discount not exceeding 20 per cent. (20%)		
11	Renewal of Share Purchase Mandate		

* Please indicate your vote "For" or "Against" with a tick (✓) within the box provided.

Dated this _____ day of _____ 2010

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

TOTAL NUMBER OF SHARES HELD IN:

(a) CDP Register	
(b) Register of Members	



Proxy Form

Annual General Meeting

Notes:

1. A member entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote in his stead.
2. Where a member appoints more than one proxy, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as alternate to the first named or at the Company's option to treat this proxy form as invalid.
3. A proxy need not be a member of the Company.
4. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
5. This proxy form must be deposited at the Company's registered office at 112 Robinson Road, #12-04, Singapore 068902 not less than 48 hours before the time set for the AGM.
6. This proxy form must be under the hand of the appointor or of his attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where this proxy form is signed on behalf of the appointor of an attorney, the letter or power of attorney or duly certified copy thereof must (failing previous registration with the Company) be lodged with this proxy form, failing which this proxy form shall be treated as invalid.
8. The Company shall be entitled to reject an instrument of proxy form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Corporate Information

Registered Office and Principal Place of Business

Singapore Office

112 Robinson Road
#12-04 Singapore 068902
Tel: +65 6220 9070
Fax: +65 6223 9177
Email: info@ChinaSunsine.com
Website: www.ChinaSunsine.com

China Office

Shandong Shanxian Chemical Co., Ltd.
Four Kilometres South-East of Shanxian
Shandong Province
Post Code: 274300
The People's Republic of China

Board of Directors

Xu Cheng Qiu [Executive Chairman](#)
Liu Jing Fu [Executive Director](#)
Xu Jun [Executive Director](#)
Ma Ying Qun [Executive Director](#)
Tan Lye Heng Paul [Lead Independent Director](#)
Lim Heng Chong Benny [Independent Director](#)
Xu Chun Hua [Independent Director](#)
Ling Yong Wah [Non-Executive Director](#)
Koh Choon Kong [Non-Executive Director](#)

Audit Committee

Tan Lye Heng Paul [Chairman](#)
Lim Heng Chong Benny
Xu Chun Hua
Koh Choon Kong

Nominating Committee

Lim Heng Chong Benny [Chairman](#)
Tan Lye Heng Paul
Xu Chun Hua

Remuneration Committee

Xu Chun Hua [Chairman](#)
Tan Lye Heng Paul
Lim Heng Chong Benny

Joint Company Secretaries

Ho Chee Tong [LL.B \(Hons\) \(Singapore\)](#)
Yak Thian Huat Dave [CPA \(Singapore\)](#)

Bankers

China Construction Bank Corporation Heze Branch
Agricultural Bank of China Heze Branch
Bank of China Heze Branch
Industrial and Commercial Bank of China Heze Branch
Standard Chartered Bank
Credit Suisse Singapore Branch
The Hong Kong and Shanghai Banking Corporation Limited
Postal Savings Bank of China Shanxian Branch

Share Registrar

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
8 Cross Street #11-00
PWC Building
Singapore 048424

Independent Auditors

Paul Wan & Co
Certified Public Accountants
A member firm of Morison International
10 Anson Road #35-07/08
International Plaza
Singapore 079903

Partner-in-charge:

Wan Tong Chee Paul
(appointed on 24 March 2008)



Our Distinguished Clients:

Bridgestone • Michelin • Good Year • Continental • Sumitomo
Hankook • Yokohama • Kumho Tire • Toyo Tire • Pirelli • GITI Tire
Hangzhou Zhongce • Double Coin • Guizhou Tire



China Sunsine Chemical Holdings Ltd

(Incorporated in the Republic of Singapore on 28 June 2006)

(Company Registration Number: 200609470N)

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Email: info@ChinaSunsine.com

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