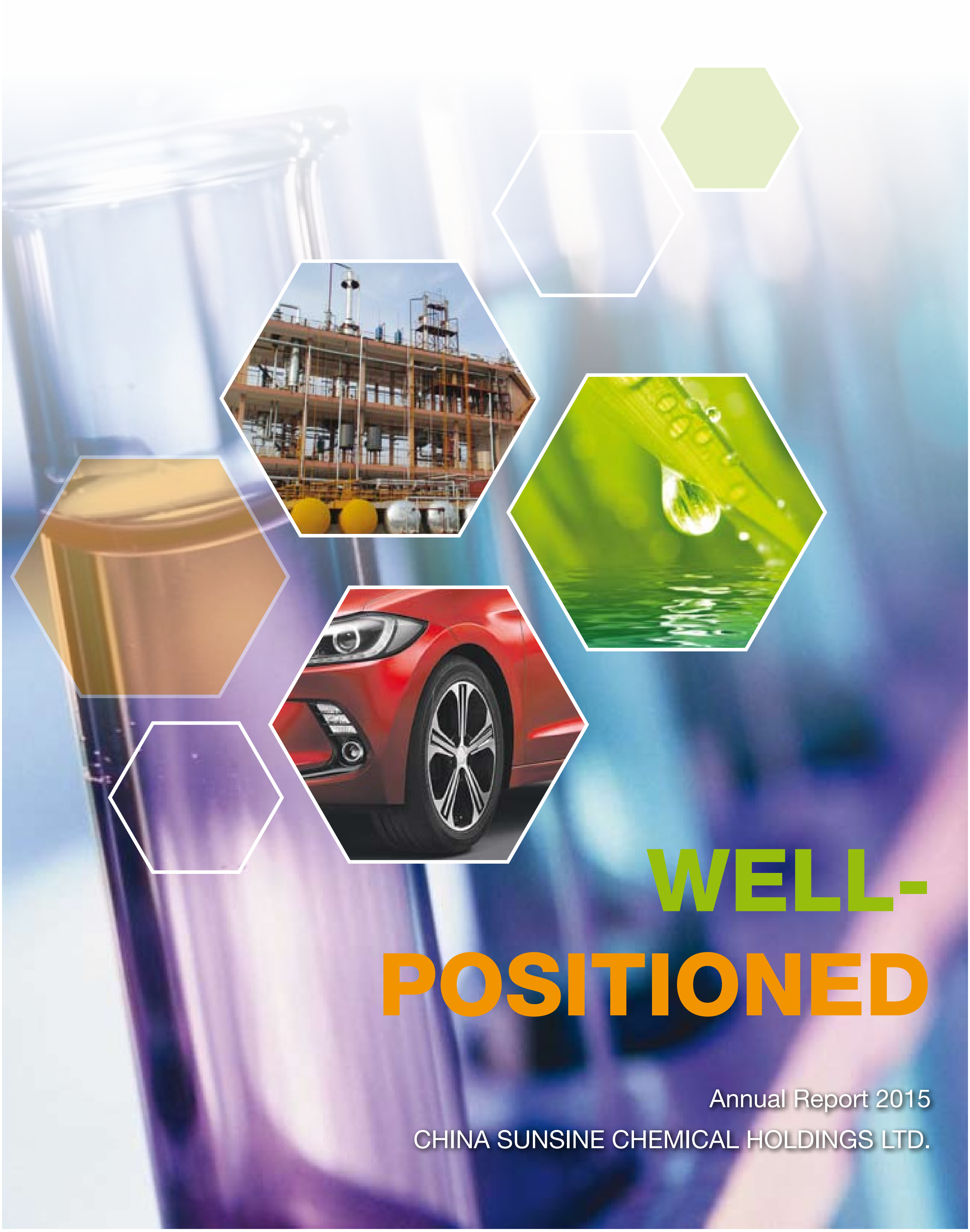
尚舜化工
SUNSINE



WELL-POSITIONED

Annual Report 2015

CHINA SUNSINE CHEMICAL HOLDINGS LTD.

We have been a producer of rubber accelerators since 1994 and over the years, have expanded into other products such as insoluble sulphur and anti-oxidant. In July 2007, we were listed on the Main Board of the Singapore Exchange Securities Trading Limited (SGX-ST).

Contents

Corporate Profile

Our annual production capacity has now reached 152,000 tons, comprising 87,000 tons of rubber accelerators, 20,000 tons of insoluble sulphur and 45,000 tons of anti-oxidant.

China Sunsine Chemical Holdings Ltd. ("China Sunsine") is a leading specialty chemical producer and the largest producer of rubber accelerators in the world, and the largest producer of insoluble sulphur in the PRC.

Our production facilities are located at Shanxian, Weifang and Dingtao in Shandong Province, PRC. Our annual production capacity has now reached 152,000 tons, comprising 87,000 tons of rubber accelerators, 20,000 tons of insoluble sulphur and 45,000 tons of anti-oxidant. Our new heating plant at Shanxian was completed and commenced commercial production at the end of 2014.

Our products are sold under the "Sunsine" brand (accredited as "Shandong Province Famous Brand"). Our customers are mainly tire companies which rely on the automobile industry. We have over 700 customers around the world and continue to serve more than 65% of the Global Top 75 tire makers, such as Bridgestone, Michelin, Goodyear, Pirelli, Sumitomo, Yokohama, Hankook, Cooper, Kumho Tires, as well as PRC tire giants such as Hangzhou Zhongce, GITI Tire, Shanghai Double Coin Tyre.

As a chemical producer serving its global customers, China Sunsine 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, its SGX and Bloomberg stock code are "ChinaSsine" and "CSSC SP" respectively.

Global Markets

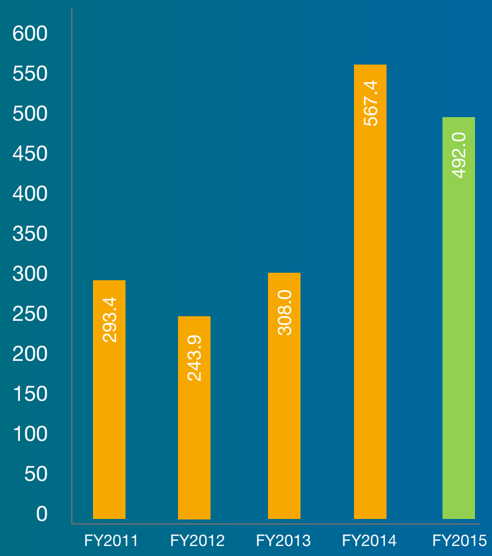
Superior Products We Offer

Essential for tires and other rubber-related products

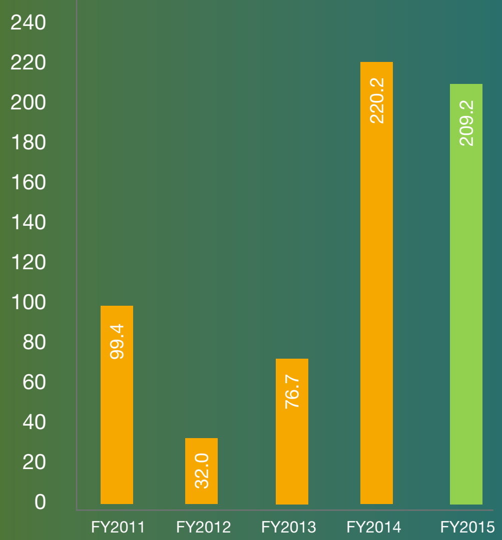
Financial Highlights

Revenue
RMB' million

Gross Profit
RMB' million



Net Profit
RMB' million



Sales Volume
Tons

Financial Highlights

As At 31 December (RMB'million)	**2015**	2014	2013	2012	2011 (restated)
Total Assets	**1,585.9**	1,638.1	1,286.8	1,126.0	1,050.1
Total Liability	**396.6**	626.9	473.4	365.0	285.3
Shareholders' Equity	**1,189.4**	1,011.2	813.4	761.0	764.8
Cash + AFS Investment	**341.3**	122.8	107.8	115.3	133.0
Bank Borrowings	**144.9**	258.0	230.0	200.0	140.0
Treasury Shares	**28.2**	28.2	28.2	28.2	14.5
No of Shares ('million)					
No of Ordinary Shares	**465.5**	465.5	465.5	465.5	476.1
No of Treasury Shares	**26.2**	26.2	26.2	26.2	15.6
For the Year (RMB'million)					
Revenue	**1,859.1**	2,077.3	1,695.9	1,417.3	1,175.1
Gross Profit	**492.0**	567.4	308.0	243.9	293.4
Net Profit After Tax	**209.2**	220.2	76.7	32.0	99.4
Earnings before interest, tax, depreciation & amortisation (EBITDA)	**390.6**	406.8	206.7	132.0	199.6
Sales Volume (tons)					
Total Volume	**114,572**	108,973	98,345	81,371	60,907
Accelerator	**76,090**	76,089	72,710	64,252	50,148
Insoluble sulphur	**15,417**	12,102	11,948	10,724	7,873
Antioxidants	**21,640**	19,903	12,281	5,183	2,061
Others	**1,425**	879	1,406	1,212	825
Financial Analysis					
Gross Profit Margin (%)	**26.5%**	27.3%	18.2%	17.2%	25.0%
Net Profit Margin (%)	**11.3%**	10.6%	4.5%	2.3%	8.5%
EBITDA Margin (%)	**21.0%**	19.6%	12.2%	11.1%	20.9%
Current Ratio	**2.5**	1.7	1.7	1.9	2.1
Average YTD Trade Receivables Turnover(Days)	**70**	61	62	67	66
Average YTD Trade Payables Turnover (Days)	**12**	11	10	9	10
Average YTD Inventory Turnover (Days)	**41**	38	38	45	47
Return on Equity (%)	**17.6%**	21.8%	9.4%	4.2%	13.0%
Return on Asset (%)	**13.2%**	13.4%	6.0%	2.8%	9.5%
Gearing Ratio	**0.12**	0.26	0.28	0.26	0.18
Per Share Data					
NAV per Share (RMB cents)	**255.5**	217.2	174.7	163.5	160.7
EPS (RMB cents)	**44.95**	47.31	16.49	6.85	20.84
Dividend Per Share (SGD cents)	**1.5**	1.5	1.0	1.0	1.0

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present our annual report for the financial year ended 31 December 2015 ("**FY2015**").

China Sunsine Chemical Holdings Ltd. (the "**Company**" or "**China Sunsine**" and together with its subsidiaries, the "**Group**") has continued on its success path by recording a net profit of RMB 209.2 million in FY2015, the second highest level of profit in the company's history. This was achieved on the back of record sales and continuing benefits from the implementation of high environmental protection standards. This is indeed a very good testament to the sound fundamentals of the Group.

REVIEW OF FY2015

The results for FY2015 were achieved amidst a very challenging and uncertain business environment at home and abroad. The Chinese economy was experiencing downturn pressures, with economic growth (GDP) rate declining to 6.9%, the lowest level in 25 years.

However, China's auto market continued its growth. As the world's largest auto-market, according to the China Association of Automobile Manufacturers ("**CAAM**"), China's auto sales reached 24.60 million units, representing 4.7% growth, and hit a new world record high for 7 consecutive years.

Notwithstanding this, China's tire industry was still facing over-capacity and under-utilisation issues, which may dampen demand for our rubber chemical products.

This was also true for the rubber chemicals industry, which was still facing over-capacity, intense competition, stringent requirements for production safety and environmental protection, and the volatility of raw material prices and selling prices.

Relying on its solid fundamentals built over the years, especially the emphasis on environmental protection measures, the Group was able to further strengthen its market leadership position by taking advantage of the China Government's enforcement of stringent environmental protection policy. This helped the Group achieve a satisfactory performance in FY2015.

During the year, the Group's total revenue decreased by 11% to RMB1,859.1 million, as compared to RMB2,077.3 million in FY2014, largely due to the decrease in Average Selling Price ("**ASP**"), which was partially offset by the increase in sales volume. ASP for all products declined by 15% to RMB16,190 per ton in FY2015 as compared to RMB19,062 per ton in the previous year. This was mainly due to the significant drop in raw material prices resulted from lower crude oil price. The total sales volume grew 5% year-on-year to another record high of 114,572 tons in FY2015. The overall gross profit margin ("**GPM**") for FY2015 marginally narrowed 0.8 percentage points from 27.3% in FY2014 to 26.5%, while gross profit decreased by 13% to RMB492.0 million.

As a result, the Group's net profit declined by 5% to RMB209.2 million from RMB220.2 million in FY2014, translating into earnings per share of RMB44.95 cents. Net assets value per share was RMB255.51 cents as at 31 December 2015.

Chairman's Statement

As the world largest accelerator producer, the Group's global market share stood at 17% with a network of more than 700 customers around the world, including 65% of the world's top 75 tire-makers.

Over the years, the Group had implemented flexible pricing strategy to cope with intense market competition and stringent environmental protection measures in waste water treatment and waste gas recycling to achieve sustainable growth.

LOOKING FORWARD

The Group expects that the current challenging situation in the rubber chemicals sector will continue in the coming year.

If the slowdown in China's GDP growth continues, and international crude oil prices remain depressed, our products' selling price may continue to come under pressure. We also expect the over-capacity situation in all related industries and US's anti-dumping action will continue to dampen the demand for rubber chemicals.

One possible silver lining may be further consolidation in the rubber chemicals industry which may benefit us as some of the excess capacity and production from competitors that failed to meet the environmental protection requirements will be eliminated.

In the face of these challenges, we are poised to strengthen our leadership position by executing a series of strategies, such as flexible pricing strategy, utilising economies of scale, providing superior product quality, improving production efficiency and technological innovation. As such, I am confident of the Group's profitability and outlook in the coming year.

PROPOSED DIVIDEND

In consideration of the Group's FY2015 results and in appreciation of our shareholders' long-term support, the Board of Directors has recommended a total dividend of 1.5 Singapore cents per share. This proposed quantum comprises a final one-tier tax exempt dividend of 1 Singapore cent per share plus a special one-tier tax exempt dividend of 0.5 Singapore cent per share (same as FY2014), to be approved by shareholders in the forthcoming annual general meeting of the Company.

APPRECIATION

On behalf of the Board, I would like to express our heartfelt appreciation and thanks to our loyal customers, business partners, suppliers and shareholders for their continued support to and trust in our Group.

I also would like to thank my fellow board members for the continuous guidance and invaluable contributions throughout the year. As always, my sincerest thanks go out to the management and staff of the Company for their services and commitments to the Group.

By working together closely, I am very confident that the Group will grow from strength to strength and achieve sustainable growth going forward!

Xu Cheng Qiu
Executive Chairman
April 2016

"Despite going through a challenging year in FY2015, I am pleased that the Group has achieved its second highest level of profit of RMB209.2 million in its history. This came on the back of record sales volume and continuing benefit from the implementation of high environmental protection standards over the years. With our years of proven track record and market leadership position, I am confident that the Group will get stronger and greater. "

主 席 致 辞

“尽管2015财年仍然充满着挑战，我非常高兴集团取得了历史第二高的净利润，达2.09亿元人民币。这主要是因为有集团的产品销售数量持续创新高的强有力支撑，再加上集团长期以来一直采取严格的环保措施而成为同行业中的佼佼者,而因此获益。有了这么多年亮丽的业绩表现和稳固的市场领导地位，我相信集团会进一步做大做强！”

尊敬的股东们，

我谨代表董事会，很荣幸地向大家报告截止2015年12月31日的年度报告。

中国尚舜化工控股有限公司（“公司”或“中国尚舜”,连同其子公司合称“集团”）在2015财年继续取得亮丽表现，取得了历史第二高的净利润2.092亿元人民币。这主要是因为集团产品销售数量持续创新高，并且继续得益于集团长期以来一直采取严格的环保措施。这有力地证明了集团具有强大的实力和稳固的发展基础。

回顾2015

2015年对集团来说仍然是一个充满着挑战和不确定因素的一年。中国的经济增长面临下行压力，全年的经济增长（GDP）为6.9%，是25年以来最低的一年。

然而，中国的汽车市场却仍然保持增长势头。作为全球最大的汽车市场，根据《中国汽车工业协会》的统计，中国在2015年的汽车销量达到2460万辆，连续7年创下新的世界纪录。

尽管如此，中国的轮胎工业还仍然面临着产能过剩、产能利用率低等问题，这都削弱对我们的橡胶助剂的需求。

集团运营所处在的橡胶助剂行业，也同样面临产能过剩、竞争激烈、安全、环保形势严峻，原材料和产品价格大幅波动的大环境。然而，集团凭借多年来打下的稳固基础，特别是多年来对环保的重视和投资，使得集团在加强环保治理的大环境下利用环保优势进一步巩固市场地位。因此，集团在2015财年继续取得令人满意的成绩。

2015财年，集团总的营业收入减少了11%，从2014财年的20.773亿元（人民币，下同）降至18.591亿元，这主要是因为平均销售价格（“ASP“）降低，并被销售数量的提高部分冲抵。所有产品的平均销售价格降低了15%，从2014财年的19,062元/吨跌至2015财年的16,190元/吨。这主要是由于原油价格持续走低从而导致我们的原材料价格也相应下跌。集团总的销售数量与前一年度相比进一步提升了5%，再次创新纪录，达到114,572吨。总的毛利率缩小了0.8个百分点，从2014财年的27.3%降到26.5%。毛利润则下跌了13%至4.92亿元。

因此，集团的净利润稍降了5%，从2014财年的2.202亿元降到2.092亿元，即每股盈利为44.95分。截至2015年12月31日的每股净资产为255.51分。

作为全世界最大的促进剂生产商，集团继续保持在国际市场占有17%的份额。集团继续服务全球超过700多家客户，这包括全球首75家轮胎生产商中的65%以上的知名企业。多年来，集团采取灵活的价格策略以应对激烈的市场竞争，并且在废水、废气处理方面执行的环保措施以保证集团的持续发展。

今后展望

集团认为橡胶助剂行业目前复杂的形势将会持续。

假如中国经济发展继续减缓，国际油价仍保持低迷，我们的产品销售价格将仍然面对压力。产能过剩和美国“双反”政策继续会削弱橡胶助剂产品的需求。

好的一面是，自从中国实施了严格的环保措施之后，橡胶助剂行业也正在进行整合，一些过剩的产能和达不到环保要求的企业将被淘汰，而我们的企业将会从中获益。

面对这些挑战，我们将会采取一系列的策略，如灵活的定价策略、规模效应、提供优质产品、提高生产效率、加强技术创新等，来进一步强化我们的市场领先地位。因此，我对集团的盈利能力和今后的发展前景非常有信心。

建议股息

鉴于2015财年取得的业绩以及为了感谢投资者的长期支持，董事会建议派发共每股1.5新分的股息。这包括每股1新分的年终一次性免税普通股息，以及每股0.5新分的一次性免税特别股息（与2014财年相同）。这个派息计划将在公司来临的股东大会上讨论通过。

衷心感谢

在此，我谨代表董事会，向我们的客户、商业伙伴、供应商和股东们表示衷心的感谢！感谢你们对集团长期的支持和信任。

我也要感谢我的董事会同仁，谢谢你们在集团发展的过程中不断地提出专业的和宝贵的指导意见。当然，我更要感谢我们的管理团队和员工对集团的服务和贡献。

一路上有你们的努力和陪伴，我坚信我们尚舜集团一定能够不断壮大，再创辉煌！！

徐承秋
执行主席
2016年4月

Operations & Financial Review

OUR FINANCIAL PERFORMANCE IN FY2015

Despite the lower growth rate of the PRC economy, over-capacity faced by the rubber chemicals industry in the PRC, and the fluctuation of international crude oil prices and major raw material prices in 2015, the Group achieved satisfactory results in FY2015.

Sales volume of rubber chemicals for FY2015 achieved a new record high of 114,572 tons, a 5% increase as compared to the sales volume for FY2014. However, revenue in FY2015 decreased by 11% to RMB 1,859.1 million from RMB 2,077.3 million in FY2014. The overall average selling price (ASP) for rubber chemicals decreased by 15% to RMB 16,190 per ton as compared to RMB 19,062 per ton in FY2014, mainly due to the decrease in major raw material prices.

ANALYSIS OF SALES AND VOLUME

	SALES VOLUME (TONS)			SALES (RMB' MILLION)		
	FY2015	**FY2014**	**Change**	**FY2015**	**FY2014**	**Change**
Accelerators	76,090	76,089	0%	1,405.1	1,614.5	(13%)
Insoluble sulphur	15,417	12,102	27%	152.7	134.4	14%
Anti-oxidant	21,640	19,903	9%	271.9	310.8	(13%)
Others	1,425	879	62%	25.2	17.6	(43%)
Total	**114,572**	**108,973**	**5%**	**1,854.9**	**2,077.3**	**(11%)**
Domestic Sales	78,226	71,459	9%	1,170.9	1,273.0	(8%)
International Sales	36,346	37,514	(3%)	684.0	804.3	(15)
Heating Power	25,180	-	n.m.	4.2	-	n.m.

n.m. – not meaningful

Operations & Financial Review

During the year, total sales volume increased by 5% or 5,599 tons from 108,973 tons in FY2014 to 114,572 tons in FY2015 mainly due to two reasons. Firstly, the Group increased its marketing efforts to promote sales. Secondly, as some of our competitors had failed to comply with the increasingly stringent environmental protection measures implemented by the PRC government, their productions had been adversely affected, which resulted in more orders being directed to us. The Group's annual domestic sales volume increased but international sales volume decreased mainly due to the Group not accepting certain overseas orders with prices that were too low.

During FY2015, our heating company sold 25,180 tons of steam to a third party and generated revenue amounting to RMB 4.2 million.

Gross profit decreased by 13% or RMB 75.4 million from RMB 567.4 million in FY2014 to RMB 492.0 million in FY2015, and average Gross Profit Margin (GPM) decreased 0.8 percentage points from 27.3% in FY2014 to 26.5% in FY2015, mainly due to the decrease in the ASP of our products.

Other operating income increased by RMB 31.8 million from RMB 6.9 million in FY2014 to RMB 38.7 million in FY2015 mainly due to reversal of long aged payables of RMB 15.2 million, recognition of a gain from bargain purchase on acquisition of a subsidiary of RMB 7.1 million, recognition of exchange gain of RMB 7.1 million and higher sales of scrap materials.

Selling and distribution expenses increased by 19% or RMB 10.8 million from RMB 57.1 million in FY2014 to RMB 67.9 million in FY2015 mainly due to higher freight cost as a result of higher volume of sales and higher incentives given to sales personnel in order to promote sales.

Administrative expenses decreased by 16% or RMB 31.8 million from RMB 196.7 million in FY2014 to RMB 164.9 million in FY2015 mainly due to: (i) allowance for impairment of plant and equipment amounting to RMB 13.3 million recognised in FY2014; (ii) reversal of social insurance of RMB 15.5 million recognised in FY2012; (iii) reduction in staff cost by RMB 1.7 million, reduction in office general expense by RMB 2.8 million, reduction in depreciation charge by RMB 1.7 million, reduction in donations by RMB 2.0 million, and reduction in other administrative expenses by RMB 0.9 million; which were offset by (iv) increase in allowance for impairment on receivables by RMB 6.1 million.

Profit before tax (PBT) decreased by 5% or RMB 15.0 million from RMB 302.5 million in FY2014 to RMB 287.5 million in FY2015 whilst Net profit attributable to shareholders decreased by 5% or RMB 11.0 million from RMB 220.2 million in FY2014 to RMB 209.2 million in FY2015 mainly due to the decrease in revenue.

Operations & Financial Review

FINANCIAL POSITION REVIEW

Property, plant and equipment decreased by RMB 50.3 million from RMB 613.1 million in FY2014 to RMB 562.8 million in FY2015 mainly due to depreciation charged offset by additions to construction in progress and property, plant and equipment.

Intangible assets increased by RMB 14.2 million from RMB 29.5 million in FY2014 to RMB 43.7 million in FY2015 mainly due to additions to land use rights as a result of acquisition of a subsidiary corporation – Shandong Fulong Villa Co., Ltd..

Inventories decreased by RMB 26.5 million from RMB 168.0 million in FY2014 to RMB 141.5 million in FY2015 mainly due to the decrease in raw material costs.

Trade receivables decreased by RMB 195.9 million from RMB 609.4 million in FY2014 to RMB 413.5 million in FY2015 mainly due to decrease in 4Q2015 sales, as well as more settlements received during the quarter. Trade receivables include notes receivables provided by trade debtors which were promissory notes issued by local banks. Consequently, the risks of non-recoverability of these notes receivables by local banks are significantly lower than those amounts owing by trade debtors. The notes receivables decreased from RMB 236.4 million as at 31 December 2014 to RMB 72.3 million as at 31 December 2015. The decrease in notes receivables was due to redemption of notes upon maturity as well as more utilisation of notes for payment to suppliers. Excluding the notes receivables, the trade receivables from trade debtors would have decreased by RMB 31.8 million from RMB 373.0 million in FY2014 to RMB 341.2 million in FY2015.

Other receivables decreased by RMB 12.1 million from RMB 95.3 million in FY2014 to RMB 83.2 million in FY2015 mainly due to lesser advance payments made to contractors as most of the projects were completed prior to year end.

Trade payables decreased by RMB 4.8 million from RMB 47.8 million in FY2014 to RMB 43.0 million in FY2015 mainly due to the decreased purchase price in raw materials.

Other payables decreased by RMB 96.5 million from RMB 263.8 million in FY2014 to RMB 167.3 million in FY2015 mainly due to reversal of project costs for those completed project and reversal of long aged research and development payables.

Bank loans decreased by RMB 113.1 million from RMB 258.0 million in FY2014 to RMB 144.9 million in FY2015 due to the repayment made during the year.

CASH FLOW REVIEW

	FY2015 RMB' MILLION	FY2014 RMB' MILLION	CHANGE RMB' MILLION
Cash generated from operating activities	430.1	261.3	168.8
Cash used in investing activities	(49.4)	(232.9)	183.5
Cash used in financing activities	(151.9)	(23.1)	(128.8)
Net increase in cash and cash equivalents	228.8	5.3	223.5
Cash and bank balances at end of year per consolidated statement of cash flows	339.5	110.8	228.7

Operations & Financial Review

Net cash generated from operating activities increased by RMB 168.8 million from RMB 261.3 million in FY2014 to RMB 430.1 million in FY2015 mainly due to higher operating profit generated as well as decreased trade and other receivables.

Net cash used in investing activities decreased by RMB 183.5 million from RMB 232.9 million in FY2014 to RMB 49.4 million in FY2015 mainly due to the acquisition of a subsidiary and additions to property, plant and equipment.

Net cash used in financing activities increased by RMB 128.8 million from RMB 23.1 million in FY2014 to RMB 151.9 million in FY2015 mainly due to repayment of bank loans and dividends.

OPERATIONS REVIEW

During FY2015, The Group acquired 100% interest in Shandong Fulong Villa Co., Ltd for a cash consideration of RMB 20 million.

The Group also obtained the following major awards from the PRC government or governing bodies, which reflected the Group's achievements both economically as well as in social responsibility.

- Accredited as Authorised Economic Operator by Qingdao Custom District of PRC;
- Awarded as 2015 Excellent Supplier by China Rubber Industry Association Rubber Chemical Commission;
- Awarded as 2015 Best Raw Material Supplier by Giti Tires;
- Awarded as 2015 Shanxian Economy Development Golden Contributor by Shanxian Government;
- Awarded as 2015 Enterprise Development by Shanxian Government;
- Awarded as 2015 Energy Saving and Consumption Reduction by Shanxian Government;
- Rubber Chemicals Quality Accreditation by China Rubber Industry Association;
- Awarded as 2015 Local Tax Contribution Excellent Enterprise by Shanxian Government

BELOW IS A SUMMARY OF OUR ESTIMATED ANNUAL CAPACITY[1] AS AT THE END OF EACH FINANCIAL YEAR:

Tons	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016e
Accelerators	56,500	66,500	70,500	87,000	87,000	87,000
Insoluble Sulphur	10,000	10,000	20,000	20,000	20,000	20,000
Anti-oxidant	25,000	25,000	25,000	45,000	45,000	45,000
Total	**91,500**	**101,500**	**115,500**	**152,000**	**152,000**	**152,000**

[1]Annual Capacity excludes capacity of intermediary materials such as 4ADPA and MBT

Group Structure

Board Of Directors

XU CHENG QIU

LIU JING FU

XU JUN

MA YING QUN

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 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 the 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 both National and Shandong Province People's Congress, the 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 / Group Chief Executive Officer

LIU JING FU is our Executive Director and was appointed as the Group Chief Executive Officer in November 2013 to oversee the whole Group's operations and be responsible for the overall strategic planning of the Group. Prior to this appointment, Mr Liu was the General Manager of the Group's key subsidiary, Shandong Sunsine Chemical Co., Ltd. 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

XU JUN is our Executive Director and was appointed in November 2013 as the Vice-Chairman of Shandong Sunsine to assist our Chairman, Mr Xu Chengqiu, in the strategic planning, direction and overall management of the subsidiary. 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

MA YING QUN is our Executive Director and was appointed in November 2013 as the General Manager of Shandong Sunsine. Mr Ma was also concurrently appointed as the General Manager of Weifang Sunsine Chemical, a subsidiary of Shandong Sunsine. He is responsible for overseeing the management and operations of these two subsidiaries. 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.

Board Of Directors

TAN LYE HENG PAUL

LIM HENG CHONG BENNY

XU CHUN HUA

KOH CHOON KONG

TAN LYE HENG PAUL

Lead Independent Director

TAN LYE HENG PAUL is our Lead Independent Director. He is the managing director of CA TRUST PAC, a firm of Chartered Accountants. He has over 20 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 Master degree in Business Administration from University of Birmingham, UK. He is a fellow of the Association of Chartered Certified Accountants (ACCA) and the Institute of Singapore Chartered Accountants (ISCA) and a full member of Singapore Institute of Directors (SID). He is also an Accredited Tax Advisor of the Singapore Institute of Accredited Tax Professionals (SIATP).

LIM HENG CHONG BENNY

Independent Director

LIM HENG CHONG BENNY is our Independent Director. Mr Lim is presently a partner at Chris Chong & C T Ho Partnership, where he focuses his practice on fund management and investment advisory matters, financial services regulatory compliance, and the structuring and establishment of Singapore and offshore funds. His other main areas of practice include corporate finance, mergers and acquisitions, cross-border joint ventures and investments, and regulatory compliance for listed companies and registered charities. Mr Lim obtained a Bachelor of Laws and a Master of Laws, both from the National University of Singapore, in 1996 and 2000, respectively.

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.

KOH CHOON KONG

Independent Director

Mr Koh Choon Kong was appointed as our Non-Executive Director in November 2009, and re-designated as Independent Director in December 2012. He has more than 20 years of audit, accounting, corporate finance and business experience, and currently serves as an Independent Director of Oriental Group Ltd, a steel manufacturer listed on the SGX Catalist. His previous full time role included serving as Group CFOs of various SGX-listed corporations - EMS Energy Limited, Fuxing China Group Limited, and China Sunsine Chemical Ltd. which he helped bring through a successful IPO in 2007 as well as Group Finance Director and Director of Operations and Business Development with Etonhouse International, a private educational group. 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 member of the Singapore Institute of Director, a Chartered Accountant of Singapore, as well as a CFA charter holder.

Key Executives


TONG YIPING


XU YU FU


MA YUE BIN


MIAO JING


LIU DE MING

TONG YIPING

Chief Financial Officer

TONG YIPING has been promoted as Chief Financial Officer in March 2016. He joined the Group as Group Financial Controller in October 2013. Mr Tong is responsible for the overall financial operations of the Group as well as corporate secretarial matters. He has more than 10 years of experience as an accounting professional. Prior to joining the Company, Mr Tong was the Finance Manager of China Yuchai International Ltd, a company listed on the New York Stock Exchange. Mr Tong is a fellow with the Association of Chartered Certified Accountants, and a member of Institute of Singapore Chartered Accountants. He obtained an honours bachelor degree in Accountancy from Oxford Brookes University, UK.

XU YU FU

Deputy General Manager

Xu Yu Fu is the Group's Deputy General Manager and is in charge of the sales and marketing activities of our Group since he joined the Group in April 2013. Prior to China Sunsine, he was Deputy General Manager of Henan Kailun Chemical Co., Ltd. in charge of the segment of insoluble sulphur. He worked for several tyre makers such as Sayu Tyre and Sanhe Tyre. He graduated from the South China University of Technology with a Bachelor degree of Engineering in 1984. He has almost 30 years experiences in rubber chemical industry.

MA YUE BIN

Deputy General Manager

Ma Yue Bin was appointed as Group's Deputy General Manager ("DGM") to oversee the whole Group's production in Mar 2016. He also oversees the operation of the Group's subsidiary, Shengtao Chemical. He joined the Group in 1986 and has over 25 years of experience in production, operation and management. From Sept 1995 to June 1998, he took the correspondence course of Shandong Economic Management Institute.

MIAO JING

Chief Engineer

Miao Jing has been appointed as Chief Engineer in charge of the Group's R&D and Quality Assurance functions. Prior to that, she was the Deputy General Manager of Group's subsidiary, Shandong Sunsine, in charge of production of Anti-oxidant segment. Mdm Miao joined the Group since 2003. Before joining the Group, Mdm Miao had been working in R&D Department of Shandong Sinorgchem for 8 years. She graduated from Beijing Chemical University and has more than 20 years experience in production, technology and management.

LIU DE MING

Deputy General Manager

Liu De Ming has been appointed as Group's Deputy General Manager in Mar 2016. Mr Liu was also concurrently appointed as the General Manager of the Group's subsidiary, Weifang Sunsine, to oversee the whole operation of Weifang Sunsine. Prior to that, he was as the Deputy General Manager of Weifang Sunsine. Mr Liu joined the Group in 1995 since his graduation from Beijing Chemical University. Mr Liu has more than 20 years experience in production, technology and management.

Corporate Governance Report

China Sunsine Chemical Holdings Ltd. (the "**Company**") is committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (collectively, the "**Group**") 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 2012 (the "**Code**") where it is applicable and practical to the Group. Where there is any deviation, appropriate explanation has been provided within this report.

This report outlines the Company's corporate governance processes and structure that were in place throughout the financial year, with specific reference to the principles and guidelines of the Code and the best practices issued by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). 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 long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

Role of the Board

The Board assumes responsibility for stewardship of 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 management personnel, as may be recommended by the Nominating Committee;

(e) review and endorse the framework of remuneration for the Board and key management personnel as may be recommended by the Remuneration Committee; and

(f) assume responsibility for corporate governance.

Corporate Governance Report

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 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.

The Board meets 4 times a year and as warranted by particular circumstances. Telephonic attendance and conference at Board and Board committee meetings are allowed under the Articles of Association of the Company. The number of Board and Board committee meetings held during FY2015, as well as the attendance of each member at these meetings, are set out below:-

	Board	AC	NC	RC
	Number of Meetings Held: 4	Number of Meetings Held: 4	Number of Meetings Held: 1	Number of Meetings Held: 1
NAME OF DIRECTORS	Meetings Attended	Meetings Attended	Meetings Attended	Meetings Attended
Xu Cheng Qiu	4	N.A.	N.A.	N.A.
Liu Jing Fu	3	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	4	1	1
Lim Heng Chong Benny	4	4	1	1
Xu Chun Hua	3	3	1	1
Koh Choon Kong	4	4	N.A.	N.A.

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.

No new director was appointed by the Company during FY2015. The Company has an orientation program for all new Directors, and the Directors also have the opportunity to visit the Group's operating facilities in the People's Republic of China and meet with the Management to gain a better understanding of the Group's business operations. 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 Singapore Companies Act (Chapter 50) ("**Companies Act**") and listing rules of the SGX-ST, 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 Guidance

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 and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board through the NC examines and reviews its structure, size and composition annually, taking into account the scope and nature of the Company's operations. The Board presently comprises 8 directors, of whom 4 are independent directors. The Board is thus able to exercise objective judgement on corporate affairs independently. 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 and Chief Executive Officer	–	–	–
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
Koh Choon Kong	Independent Director	Member	–	–

The present composition of the Board complies with the Code's guidelines that the independent directors should make up at least half of the Board where the Executive Chairman is part of the management team and is not an independent director.

The NC conducts a review to determine annually whether or not a director is independent, adopting 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. The Code also recommends that the independence of any director who has served more than 9 years from the date of his first appointment be subject to particularly rigorous review. In assessing the independence of each Independent Director, the NC noted that each of Mr Tan Lye Heng Paul, Mr Lim Heng Chong Benny and Ms Xu Chun Hua was first appointed on 18 May 2007, and accordingly will serve beyond 9 years should they be re-elected or re-appointed, as the case may be, at the forthcoming AGM.

The Board does not impose any limit on the length of service of independent directors. The Board recognises the contributions of its independent directors who over time, have developed significant insights into and knowledge of the Group's business and operations, and who are able to continue to provide valuable contributions to the Board. The Board also values the external experience of each of the independent directors, whose expertise in their respective fields of work adds diversity of views and depth to discussions.

Having reviewed the NC's recommendation, the Board has determined that each of Mr Tan Lye Heng Paul, Mr Lim Heng Chong Benny and Ms Xu Chun Hua has continued to demonstrate strong independence in character and judgment in the manner in which he/she has discharged his/her responsibilities as a director of the Company. Each of them has continued to express his/her viewpoints, debated issues, sought clarifications where necessary, and objectively scrutinised and challenged Management.

Corporate Governance Report

Each independent director had also abstained from deliberations in respect of the assessment on his/her own independence. Taking into account the views of the NC and the annual confirmation from each of the independent directors of his/her independence, the Board considers each of the independent directors to be independent and will be able to exercise independent judgment in the best interest of the Company in discharging their duties as independent directors.

The Board is of the view that its current structure, size and composition is appropriate for effective decision-making, and provides balance and diversity of expertise, gender and knowledge of the Company's business. The NC is also satisfied that the Board comprises directors who as a group provide core competencies such as accounting or finance, legal, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, which are required for the Board to function effectively. The NC is of the view that no individual or small group of individuals dominates the Board's decision-making process.

Led by the Lead Independent Director, the independent directors meet regularly without the presence of Management to discuss matters such as the changes that they would like to see in the Board processes, corporate governance initiatives, and matters which they wish to discuss during the Board meetings.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

To ensure an appropriate balance of power, increased accountability and a clear division of the roles and responsibilities between the Chairman and the Chief Executive Officer ("**CEO**"), the position of the Chairman and CEO are held by separate individuals.

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 overall strategic planning and growth of the Group. He also exercises control over 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 agendas to enable the Board to carry out its duties effectively and responsibly, taking a leading role to ensure and maintain a high standard of corporate governance, acting as a facilitator at Board meetings and maintaining regular dialogue with the Management on all operational matters.

Mr Liu Jing Fu is the CEO of the Company. He is not an immediate family member of the Executive Chairman, Mr Xu Cheng Qiu. Mr Liu is also the Executive Director of the Company, and the General Manager of its subsidiary, Shandong Sunsine Chemical Co., Ltd. He has a wealth of experience in the rubber chemicals industry. As CEO, Mr Liu is responsible for the overall management and day-to-day operations of the Group.

In line with the recommendations in the Code, Mr Tan Lye Heng Paul has been appointed as 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.

Corporate Governance Report

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of 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);

(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, and the contribution by each director to the effectiveness of the Board.

The NC has conducted an annual review of Directors' independence based on the Code's criteria for independence and is of the view that Mr Tan Lye Heng Paul, Mr Lim Heng Chong Benny, Ms Xu Chun Hua and Mr Koh Choon Kong are independent.

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.

Corporate Governance Report

The NC believes a director's commitment and contributions to the Company, and his attendance at and contributions during Board and Board committee meetings are relevant factors to be taken into consideration in assessing whether a director has adequately discharged his duties, than to adopt a guideline on the number of board representations of a director, and accordingly, the Board has not made a determination of the maximum number of listed company board representations a director may hold, as recommended by the Code.

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;

(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.

Re-appointment of directors

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. In addition, a newly appointed director must also submit himself or herself for re-election at the AGM immediately following his or her appointment.

Corporate Governance Report

The NC has reviewed and recommended the re-election of Mr Tan Lye Heng Paul and Mr Lim Heng Chong Benny who will be retiring by rotation under Article 104 of the Articles of Association of the Company at the forthcoming AGM. As part of the Board renewal process, Mr Tan Lye Heng Paul will not be offering himself for re-election.

Each of Mr Xu Cheng Qiu and Ms Xu Chun Hua, who is over the age of 70, was re-appointed at the last AGM (held on 29 April 2015) to hold office until this AGM pursuant to the then Section 153(6) of the Companies Act, which was repealed with effect from 3 January 2016 when the Companies (Amendment) Act 2014 came into force on 3 January 2016.

In view of the above, as their respective appointments will lapse at this forthcoming AGM, the NC recommends that Mr Xu Cheng Qiu and Ms Xu Chun Hua be re-appointed as directors to continue in office.

Mr Xu Cheng Qiu is the father of Mr Xu Jun, the Executive Director of the Company. In addition, Mr Xu Cheng Qiu is deemed to be interested in the 63.08% shareholding in the Company owned by Success More Group Limited, by virtue of his controlling interest of 74.27% in Success More Group Limited.

Save as disclosed above, the directors who are seeking re-election and re-appointment at the forthcoming AGM have no relationship including immediate family relationships with the other directors, the Company or its 10% shareholders (including Success More Group Limited).

The Board has accepted the above recommendations and the aforesaid Directors will be offering themselves for re-election or re-appointment, as the case may be, at the forthcoming AGM.

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

(a) pages 14 to 15 – Academic and professional qualifications;

(b) pages 36 to 37 – Date of first appointment as director, date of last re-appointment as a director, directorships or chairmanships both present and those held over the preceding 3 years in other listed companies, and other principal commitments, whether appointment is executive or non-executive, or considered by the NC to be independent; and

(c) pages 47 to 48 – Shareholding in the Company and its related corporations.

Board Performance

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

The assessment of the Board and the Board committees 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.

Corporate Governance Report

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.

Evaluation processes

(a) Board and Board committees

Each Board member is required to complete a Board and Board Committees 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 and Board committees discharge their respective 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 management personnel, 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.

Corporate Governance Report

Access to Information

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

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 the 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 management personnel 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.

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 as required) 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.

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

Corporate Governance Report

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, CEO, directors and key management personnel of the Company. The framework will cover all aspects of remuneration, including without limitation, directors fees, salaries, allowances, bonuses, options, share-based incentives, 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 agreements, to consider what compensation or commitments the directors' service agreement, 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.

The recommendations of the RC would be submitted to the Board for endorsement. 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 with regards to remuneration matters wherever necessary.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

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 and appropriate part of the total remuneration package of executive directors and key management personnel, and is designed to align the directors' and key management personnel's 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 agreements with the Company, which are for a fixed appointment period. The RC reviews what compensation commitments the executive directors' service agreements would entail in the event of early termination, and aims to be fair and avoid rewarding inadequate performance.

Corporate Governance Report

Each of the executive directors has entered into a service agreement with the Company for a period of 3 years with effect from 1 January 2014, and the terms of their respective service agreements were recommended by the RC, and approved by the Board. Pursuant to the terms thereof, the service agreements will be renewed automatically on a year-to-year basis and may be terminated by either party giving not less than six (6) months' notice in writing.

Disclosure on Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, 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 management personnel, and performance.

Policy in respect of independent directors' remuneration

The independent directors do not enter into service agreements 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 as 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 management personnel

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.

Level and mix of remuneration of the directors, key management personnel (who are not also directors or the CEO) for FY2015

The level and mix of each of the directors' remuneration, and that of each of the key management personnel (who are not also directors or the CEO) for FY2015, are set out as follows:

Name of Directors and CEO	Salary	Bonus	Director's fees	Other benefits	Total Remuneration	
	%	%	%	%	%	S$'000
Xu Cheng Qiu	15	85			100	2,678
Liu Jing Fu	99	1	–	–	100	118
Xu Jun	98	2	–	–	100	95
Ma Ying Qun	97	1	–	2	100	114
Tan Lye Heng Paul	–	–	100	–	100	50
Lim Heng Chong Benny	–	–	100	–	100	45
Xu Chun Hua	–	–	100	–	100	45
Koh Choon Kong	–	–	100	–	100	40

Corporate Governance Report

Remuneration Band & Name of Executive Officers	Salary	Bonus	Other benefits	Total
	%	%	%	%
S$250,000 and below S$500,000				
Nil				
Below S$250,000				
Tong Yiping	84	7	9	100
Xu Yu Fu	99	1	–	100
Fan Chang Ling	28	68	4	100
Geng He Ping	76	11	13	100
Ma Yue Bin	21	76	3	100

The Company has not disclosed the exact amount of the remuneration of its key management personnel as it is not in the best interests of the Company and the employees to disclose such details due to the sensitive nature of such information. The aggregate remuneration paid to key management personnel (who are not Directors or the CEO) in FY2015 is S$397,000.

No employee of the Company or its subsidiaries is an immediate family member of any director or CEO or a controlling shareholder of the Company and whose remuneration exceeded S$50,000 for FY2015. “Immediate family member” means the spouse, child, adopted child, step-child, brother, sister or parent.

The Company has no share option plans for FY2015. Accordingly, no share option has been granted to the above directors or key management personnel.

There are no termination, retirement and post-employment benefits that may be granted to directors, CEO or the top five key management personnel (who are not directors or the CEO).

(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, public webcast, media and analyst briefings.

Corporate Governance Report

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the board is willing to take in achieving its strategic objectives.

The Management reviews and seeks to identify areas of significant business risks on an ongoing basis, and takes appropriate measures to control and mitigate such risks. The Management also reviews all significant control policies and procedures and highlights all significant matters to the Board. The Board oversees the Management in the design, implementation and monitoring of the risk management and internal control systems of the Company.

The Company has, on 3 July 2009, set up a Risk Management Advisory Committee ("**RMAC**") to oversee the Group's risk management framework and policies, 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 is headed by the Executive Chairman of the Company, together with 5 executives (including a director and the Chief Financial Officer), whose names are set out below:

Xu Cheng Qiu	–	Chairman
Ma Ying Qun	–	Member
Tong Yiping	–	Member
Xu Xian Lei	–	Member
Li Song	–	Member
Zhang Jia Feng	–	Member

In order to ensure and maintain a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets, an Enterprise Risk Management ("**ERM**") programme was developed with the assistance of the Company's previous internal auditor, Messrs MS Risk Management Pte Ltd, and has been implemented to identify, prioritise, assess, manage and monitor key risks faced by the Group. During FY2015, the Company appointed a new internal auditor, Messrs Baker Tilly Consultancy, which refreshed the ERM programme to identify new risks, if any. The risk management system covers, *inter alia*, financial, operational, compliance and information technology controls of the Group. The key risks identified are deliberated by Management, and reported to the RMAC, which is responsible for the effective implementation of risk management strategy, policies and processes within the framework of the ERM programme. The RMAC will also follow up on the actions required to be taken by the Management to mitigate such identified risks. The RMAC also reviews the adequacy and effectiveness of the ERM programme periodically, and reports its findings to the Board at least once a year or as and when new significant risks are identified.

To ensure that its internal control and risk management systems are adequate and effective, the Company has also requested its internal auditors to take such identified risks into consideration in drawing up the annual internal audit plan. The Company's internal auditors also assist the Company to conduct an annual review of the adequacy and effectiveness of the Company's internal controls. The external auditors, during the conduct of their normal audit procedures, may also report on matters relating to internal controls. 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, and holds regular discussions with Management to ensure the timely and proper implementation of such recommendations. Based on the reports submitted by the internal and external auditors received by the AC and the Board, nothing material has come to the attention of the AC and the Board to cause the AC and the Board to believe that the internal controls and risk management processes of the Group are inadequate or ineffective, or there are non-compliance of the Company's system of internal control and processes.

Corporate Governance Report

Based on the internal control and risk management systems established and maintained by the Group, the work conducted by the internal and external auditors as set out in their respective reports, the review by the AC of the implementation of the recommendations of the internal and external auditors as aforesaid, and the report of the RMAC to the Board, the Board, with the concurrence of AC, is of the opinion that the system of internal controls and risk management procedures maintained by the Management are adequate to meet the needs of the Company in addressing the financial, operational and compliance risks to the Company and the Group as at 31 December 2015.

The Board has also received a letter of assurance from the Chief Executive Officer and the Chief Financial Officer confirming, *inter alia*, that:

(a) the financial records of the Company for FY2015 have been properly maintained, and the financial statements give a true and fair view of the Company's operations and finances for FY2015; and

(b) the Company's risk management and internal control systems are effective.

The Board notes that no system of internal controls can provide absolute assurance against or eliminate the occurrence of material errors, poor judgment in decision-making, human error, fraud or other irregularities. However, by identifying and managing risks that may arise on a regular basis, the Group believes that it will be better placed to mitigate risks such as material financial misstatements or losses, and to ensure the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulations and best practices, and the identification and management of business risks.

Audit Committee

Principle 12: 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 directors, all of whom are independent non-executive 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;

Corporate Governance Report

(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;

(g) to discuss with the external auditors the nature and scope of the audit before the audit commences;

(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 to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approve the terms of engagement and remuneration 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. The AC also undertook a review of the independence and objectivity of the external auditors through discussions with the external auditors. The aggregate amount of fees paid to the external auditors for FY2015 is S$216,000. No non-audit fees were paid to the external auditors for financial year ended 31 December 2015 which may affect their independence. The Company has complied with the requirements of Rules 712 and 715 of the Listing Manual.

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.

The AC is briefed by external auditors of changes to accounting standards and issues which have a direct impact on financial statements during the presentation of the audit planning memorandum and the audit report.

Corporate Governance Report

In July 2010, the Singapore Exchange Limited and the Accounting and Corporate Regulatory Authority jointly issued the publication "Guidance to Audit Committees on Evaluation of Quality of Work Performed by External Auditors" which aims to enhance audit quality in Singapore by providing guidance to ACs in their evaluation of their external auditors, especially during the appointment, re-appointment and rotation of statutory auditors.

Accordingly, the AC evaluated the performance of the external auditors, Messrs Nexia TS Public Accounting Corporation ("**Nexia TS**"), based on the key indicators of audit quality set out in the publication, and upon such evaluation, recommended to the Board that Nexia TS be nominated for re-appointment as external auditors of the Company at the forthcoming AGM of the Company.

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. As of to-date, there were no reports received through such mechanism.

On a quarterly basis, Management reports findings of interested person transactions ("**IPTs**"), if any, during AC meetings.

Internal Audit

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and 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 Messrs Baker Tilly Consultancy (the "**Internal Auditor**"), which has unrestricted direct access to the AC. The AC approves the hiring, removal, evaluation and compensation of the head of the Internal Auditor, who meets the professional standards set out in the Code.

The Internal Auditor's primary line of reporting is to the Chairman of the AC, although the Internal Auditor also liaise with the CEO and the Financial Controller 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, the CEO and the relevant senior management officers.

The AC also reviews annually the adequacy and effectiveness of the internal audit function, and is satisfied that it is adequately resourced and has appropriate standing within the Company.

Corporate Governance Report

(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Company is committed to maintaining and improving its level of corporate transparency, providing timely, fair and adequate disclosure of relevant information to shareholders so that they will be apprised of the developments that may have a material impact on the Company's securities. The Company does not practice selective disclosure. Such information is published through the SGXNET. The Company is open to meetings with investors and analysts, and in conducting such meetings, the Company is mindful of the need to ensure fair disclosure.

The Company ensures true and fair information is delivered adequately to all shareholders and to ensure that shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders.

The Company's Articles of Association presently do not permit a shareholder, including a corporation which provides nominee or custodial services, to appoint more than two proxies to attend and participate in general meetings as proxies.

However, the Companies Act was recently amended when the Companies (Amendment) Act 2014 came into effect on 3 January 2016, to allow certain shareholders who is a relevant intermediary (as defined under section 181 of the Companies Act), to attend, vote and participate in general meetings without being constrained by the Company's Articles of Association restricting the appointment of not more than two proxies.

Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

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.

The Company holds quarterly briefings for shareholders on its financial results, and shareholders are invited to participate and communicate and exchange their views with the directors of the Company.

Corporate Governance Report

The Company has recommended a final ordinary dividend at S$0.01 per ordinary share, and a final special dividend of S$0.005 per ordinary share for the financial year ended 31 December 2015.

Conduct of Shareholder Meetings

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Notices of general meetings are despatched to shareholders, together with the annual report or circulars within the time period prescribed by the regulations. 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. Shareholders are invited to put forth any questions they may have on the motions tabled and to be decided upon. All directors, in particular, the chairman of each Board committee, are required to be present at general meetings of shareholders to address shareholders' questions. External auditors are also present at such meetings to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

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.

At the forthcoming AGM, the Company will put all resolutions to vote by poll so as to better reflect shareholders' shareholding interest and ensure greater transparency. The detailed results of the poll voting showing the number of votes casted for and against each resolution and the respective percentages will be announced accordingly.

The results of general meetings are disclosed by way of Company announcement on the SGX-ST. 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(19) 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.

The Group and its officers and employees are prohibited from trading 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.

Corporate Governance Report

(F) INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy governing procedures for the identification, approval and monitoring of IPTs. 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.

There were no IPT conducted during the financial year ended 31 December 2015.

(G) MATERIAL CONTRACTS

Save for the Service Agreements 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 of First Appointment	Date of Last Re-appointment	Current Directorship / Chairmanship in other Listed Companies & Other Principal Commitments	Past (three years) Directorship in other Listed Companies
Xu Cheng Qiu	72	Executive Chairman	11 October 2006	28 April 2015	None	None
Liu Jing Fu	64	Executive Director and CEO	18 May 2007	28 April 2015	None	None
Xu Jun	46	Executive Director	18 May 2007	28 April 2015	None	None
Ma Ying Qun	42	Executive Director	18 May 2007	29 April 2014	None	None
Tan Lye Heng Paul	51	Lead Independent Director	18 May 2007	29 April 2014	Directorship in Other Listed Companies - Sin Ghee Huat Corporation Ltd. - Serial System Ltd - Second Chance Properties Ltd Other Principal Commitments - CA Trust PAC - CA Trust Taxation Pte. Ltd. - Yeo Yew Swee PAC	None
Lim Heng Chong Benny	45	Independent Director	18 May 2007	29 April 2014	Directorship in other Listed Companies - Ziwo Holdings Ltd Other Principal Commitments - Chris Chong & CT Ho Partnership	Sysma Holdings Limited

Corporate Governance Report

Name of Director	Age	Board Appointment Executive/ Non-Executive/ Independent	Date of First Appointment	Date of Last Re-appointment	Current Directorship / Chairmanship in other Listed Companies & Other Principal Commitments	Past (three years) Directorship in other Listed Companies
Xu Chun Hua	73	Independent Director	18 May 2007	28 April 2015	Other Principal Commitments - China Rubber Industry Association Rubber Chemical Commission	None
Koh Choon Kong	45	Independent Director	15 November 2009	28 April 2015	Directorship in other Listed Companies - Oriental Group Ltd	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	17-28
Guideline 1.4 The number of meetings of the Board and board committees held in the year, as well as the attendance of every board member at these meetings	18
Guideline1.5 The type of material transactions that require board approval under guidelines	18
Guideline1.6 The induction, orientation and training provided to new and existing directors	18
Guideline 2.3 The Board should identify in the Company's Annual Report each director it considers to be independent. Where the Board considers a director to be independent in spite of the existence of a relationship as stated in the Code that would otherwise deem a director not to be independent, the nature of the director's relationship and the reasons for considering him as independent should be disclosed	19-20
Guideline 2.4 Where the Board considers an independent director, who has served on the Board for more than nine years from the date of his first appointment, to be independent, the reasons for considering him as independent should be disclosed	19-20
Guideline 3.1 Relationship between the Chairman and CEO where they are immediate family members	20
Guideline 4.1 Names of the members of the NC and the key terms of reference of the NC, explaining its role and the authority delegated to it by the Board	21
Guideline 4.4 The maximum number of listed company board representations which directors may hold should be disclosed	21-22
Guideline 4.6 Process for the selection, appointment and re-appointment of new directors to the Board, including the search and nomination process	22-23
Guideline 4.7 Key information regarding directors, including which directors are executive, non-executive or considered by the NC to be independent	36-37
Guideline 5.1 The Board should state in the Company's Annual Report how assessment of the Board, its board committees and each director has been conducted. If an external facilitator has been used, the Board should disclose in the company's Annual Report whether the external facilitator has any other connection with the Company or any of its directors. This assessment process should be disclosed in the Company's Annual Report	23-24

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Relevant Guidelines or Principles	Page Reference in this Annual Report
Guideline 7.1 Names of the members of the RC and the key term of reference of the RC, explaining its role and the authority delegated to it by the Board	25-26
Guideline 7.3 Names and firms of the remuneration consultants (if any) should be disclosed in the annual remuneration report, including a statement on whether the remuneration consultants have any relationships with the Company	N.A.
Principle 9 Clear disclosure of its remuneration policies, level and mix of remuneration, and procedure for setting remuneration	26-28
Guideline 9.1 Remuneration of directors, the CEO and at least the top five key management personnel (who are not also directors or the CEO) of the Company. The annual remuneration report should include the aggregate amount of any termination, retirement and post-employment benefits that may be granted to directors, the CEO and the top five key management personnel (who are not directors or the CEO)	27-28
Guideline 9.2 Fully disclose the remuneration of each individual director and the CEO on a named basis. There will be a breakdown (in percentage or dollar terms) of each director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives	27
Guideline 9.3 Name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of S$250,000. There will be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives. In addition, the Company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO). As best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel	28
Guideline 9.4 Details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S$50,000 during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant director or the CEO. Disclosure of remuneration should be in incremental bands of S$50,000	28
Guideline 9.5 Details and important terms of employee share schemes	28
Guideline 9.6 For greater transparency, companies should disclose more information on the link between remuneration paid to the executive directors and key management personnel, and performance. The annual remuneration report should set out a description of performance conditions to which entitlement to short-term and long-term incentive schemes are subject, an explanation on why such performance conditions were chosen, and a statement of whether such performance conditions are met	27

Corporate Governance Report

Relevant Guidelines or Principles	Page Reference in this Annual Report
Guideline 11.3 The Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems The commentary should include information needed by stakeholders to make an informed assessment of the Company's internal control and risk management systems The Board should also comment on whether it has received assurance from the CEO and the CFO: (a) that the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (b) regarding the effectiveness of the Company's risk management and internal control systems	29-30
Guideline 12.1 Names of the members of the AC and the key terms of reference of the AC, explaining its role and the authority delegated to it by the Board	30-31
Guideline 12.6 Aggregate amount of fees paid to the external auditors for that financial year, and breakdown of fees paid in total for audit and non-audit services respectively, or an appropriate negative statement	31
Guideline 12.7 The existence of a whistle-blowing policy should be disclosed in the company's Annual Report	32
Guideline 12.8 Summary of the AC's activities and measures taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements	31-32
Guideline 15.4 The steps the Board has taken to solicit and understand the views of the shareholders e.g. through analyst briefings, investor roadshows or Investors' Day briefings	33
Guideline 15.5 Where dividends are not paid, companies should disclose their reasons	34

Environmental and Social Performance Statement

For the financial year ended 31 December 2015

Introduction

The Group recognises that the interaction with the communities in which the Group operates, and its environmental and social interactions within such communities will affect its long term success and continuity. As such, the Group is committed to conduct its business in a manner that is environmentally and socially responsible, by setting values and standards, and adopting sustainable best practices and strategies, to ensure a healthy and safe workplace, and a greener environment around us.

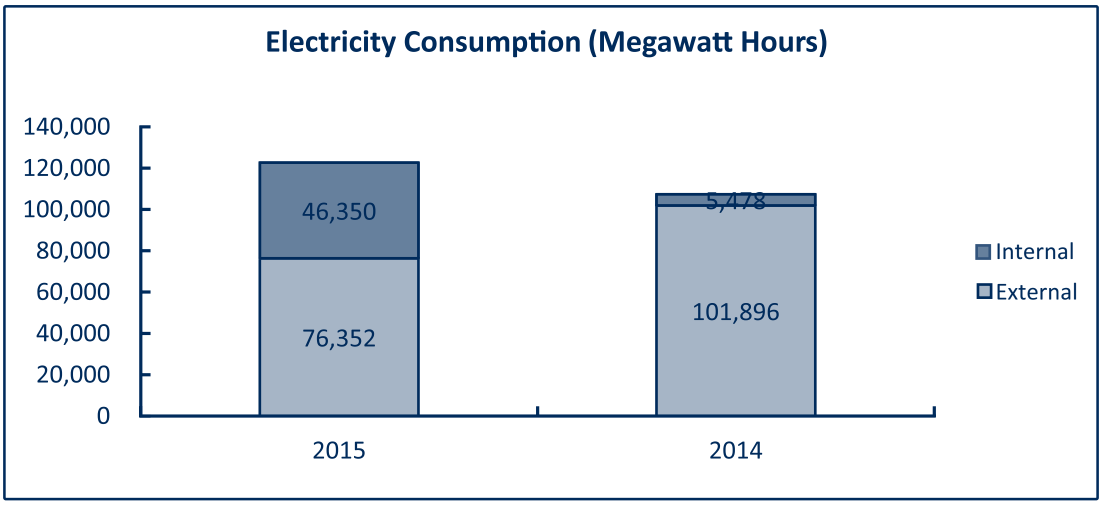
The Group's risk management framework encompasses an assessment of the impact of its business operations on the environment and society, and the measures being put in place to avoid, reduce and mitigate environmental and social risks. Monitoring mechanisms have also been implemented within the Group to evaluate the effectiveness of these measures in managing these risks across its operations.

Environmental performance

On 1 January 2015, the new PRC "Environmental Protection Law" came into effect. Following the promulgation of the new Law, the PRC Government implemented more and more stringent environmental protection measures, and some of the players in the rubber chemical industry which failed to meet the relevant environmental regulations were forced to suspend their production. The Group benefited from our continuous input and emphasis on environmental protection, and achieved satisfactory results in 2015.

1.1 Electricity Consumption

External electricity consumption, i.e. electricity bought directly from the PRC State Power Grid, in 2015 decreased by 25.1% as compared to 2014, mainly due to part of the electricity consumed by the Group during 2015 being generated by our own subsidiary, Shanxian Guangshun Heating Co., Ltd., which had commenced its commercial operation at the end of 2014. The Group's total electricity consumption, from both internal and external supplies, increased from 107,374 megawatt hours in 2014 to 122,702 megawatt hours in 2015, mainly due to the full operation of Shanxian Guangshun Heating Co., Ltd.



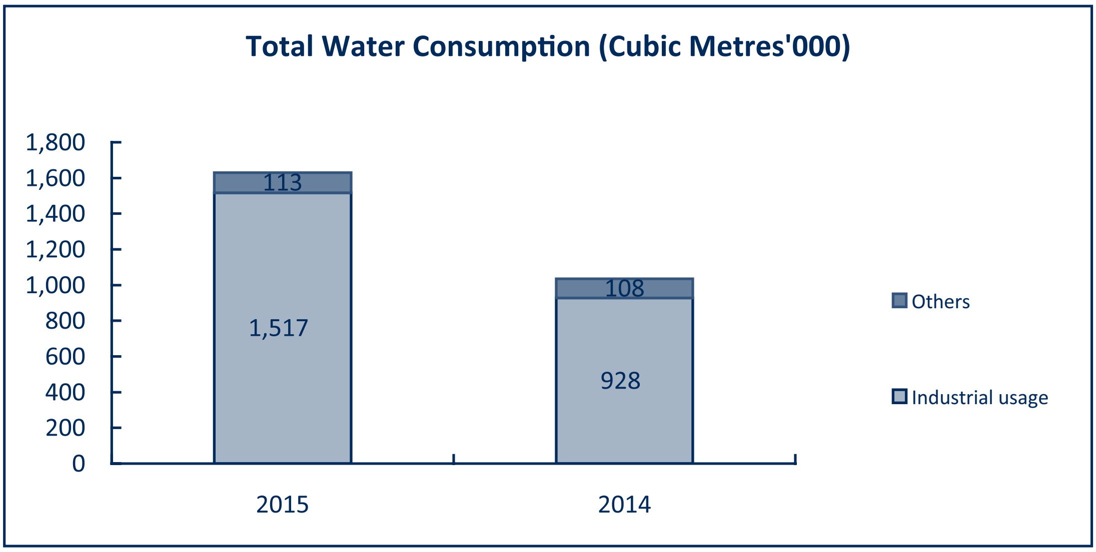
Environmental and Social Performance Statement

For the financial year ended 31 December 2015

Environmental performance (continued)

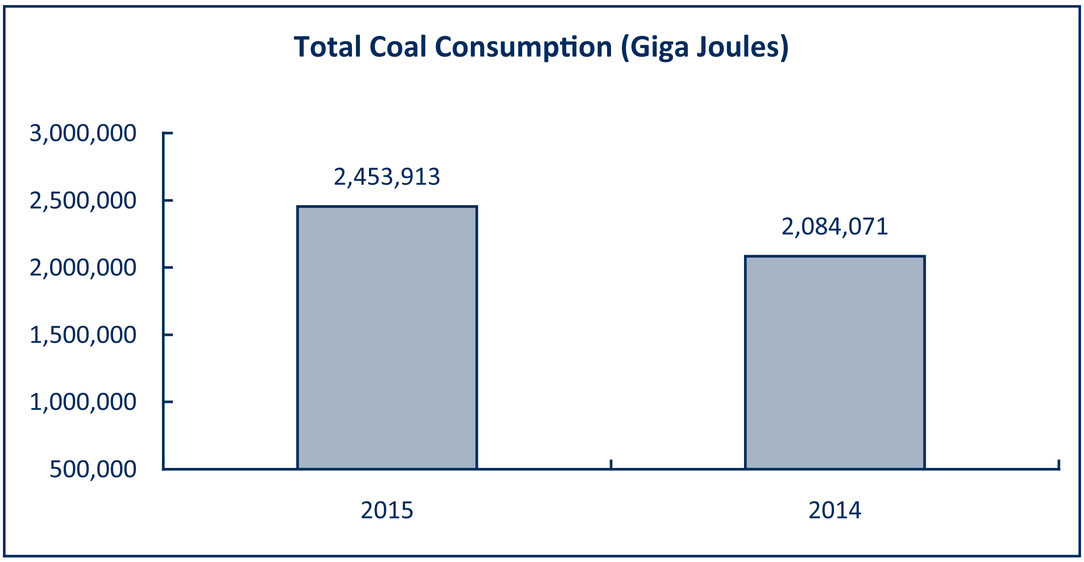
1.2 Water Consumption

Total water consumption increased by 57.3% from 1,036,000 cubic metres in 2014 to 1,630,000 cubic metres in 2015, as our subsidiary, Shanxian Guangshun Heating Co., Ltd, used more water to generate steam and electricity.



1.3 Coal Consumption

Total coal consumption in 2015 increased by 17.7% as compared to 2014, mainly due to increased usage by our subsidiary, Shanxian Guangshun Heating Co., Ltd.



Environmental and Social Performance Statement

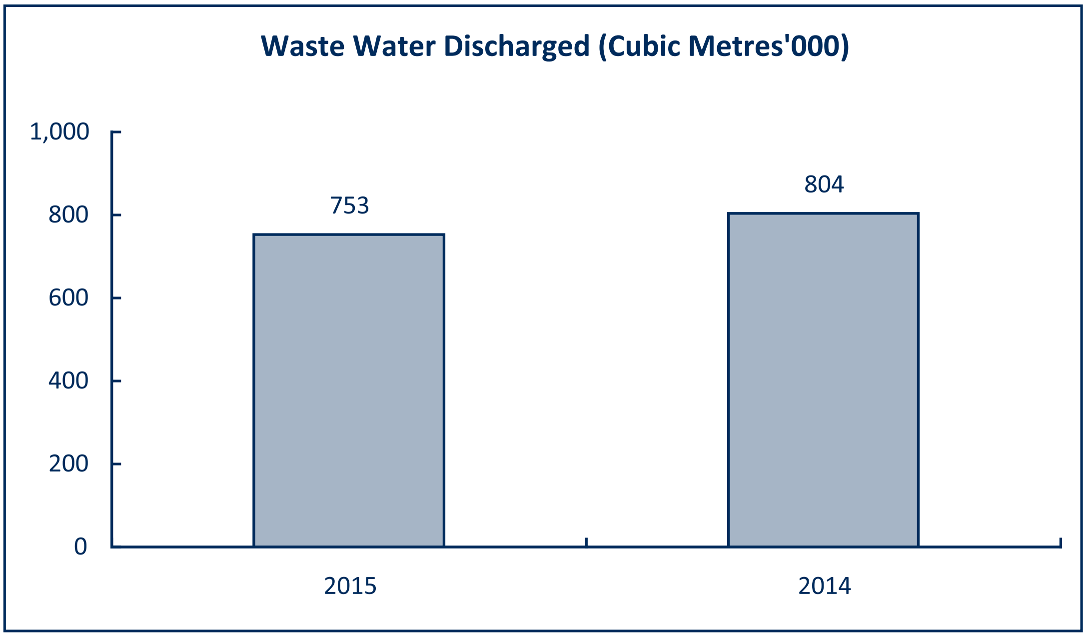
For the financial year ended 31 December 2015

Environmental performance (continued)

1.4 Waste Water Management

1.4.1 Waste Water Discharged

Since 2013, the Group had introduced a "cleaner production" programme. The "Cleaner production" programme requires the Group to play a pro-active role, through technological innovation, in adopting more advanced production processes and equipment, utilising cleaner raw materials, and enhancing management skills, in order to produce the products in a more effective and energy efficient way, and at the same time, reduce the discharge of waste water. In 2015, although the production increased, waste water discharged in 2015 decreased by 6.3% to 753,000 cubic metres as compared to 804,000 cubic metres discharged in 2014.



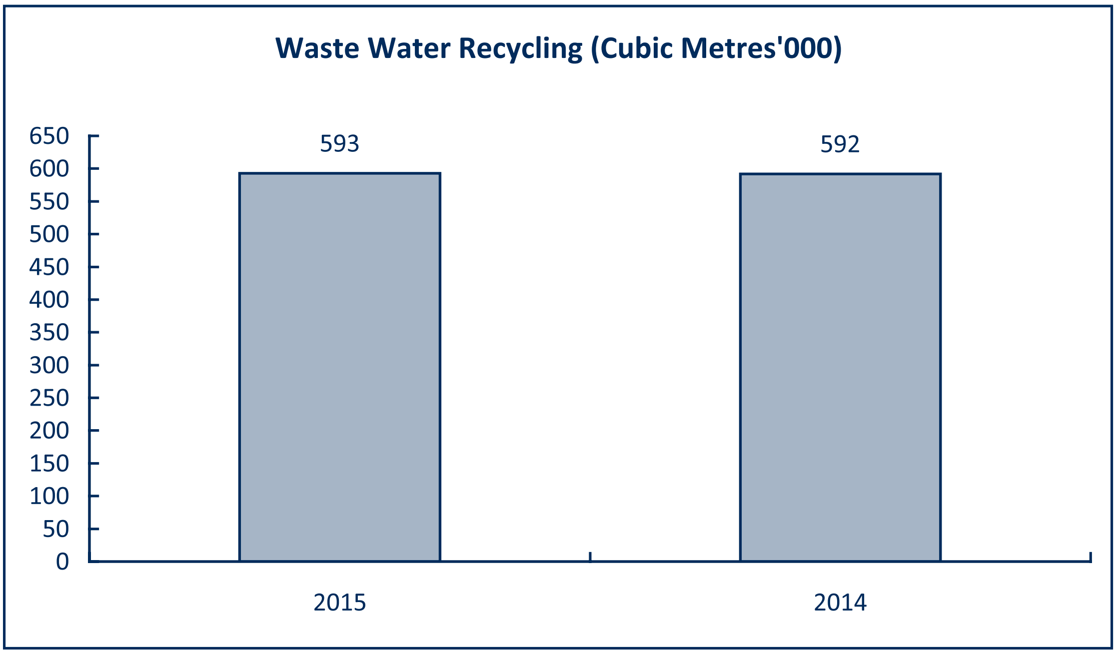
Environmental and Social Performance Statement

For the financial year ended 31 December 2015

Environmental performance (continued)

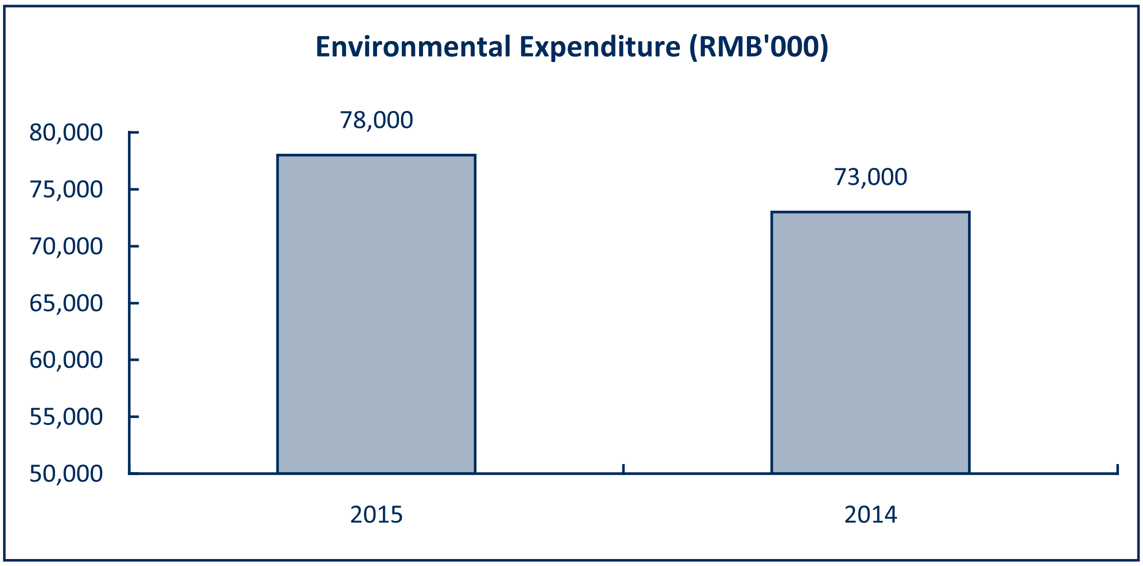
1.4.2 Waste Water Recycling

Recycling of waste water remained at about the same level as compared to 2014.



1.5 Environmental Protection Expenditure

Environmental expenditure increased by 6.8% from RMB 73.0 million in 2014 to RMB 78.0 million in 2015 as the Group placed more emphasis on environmental protection.



Environmental and Social Performance Statement

For the financial year ended 31 December 2015

Social Performance

The Group continues to view its social performance as an important facet of its culture. In 2015, the Group donated RMB 1.5 million to charitable organisations, and increased its training programmes to educate employees on improving personal skills and avoiding the risk of workplace accident.

2. Labour Rights and Practices

2.1 Employees

The total number of employees decreased to 2,084 in 2015, a 4.7% decrease as compared to 2,186 in 2014. The employee turnover increased to 114 persons, as compared to 92 persons in 2014. The turnover is measured as the number of employees, excluding temporary employees, who left the Group, including those who retired, during the financial year.

	2015	**2014**
No. of employees as at 31 December	2,084	2,186
Turnover in the year	114	92
No. of products sold per headcount (tons)	55	50

2.1.1 Workforce diversity – employment category by gender

Diversity across the Group with respect to gender is shown in the table below.

	Management (including executive)	**Skilled employee**	**General employee**
<u>2015</u>			
Male	99	198	1,431
Female	12	60	284
<u>2014</u>			
Male	96	183	1,519
Female	13	60	315

Environmental and Social Performance Statement

For the financial year ended 31 December 2015

Social Performance (continued)

2. Labour Rights and Practices (continued)

2.1 Employees (continued)

2.1.2 Workforce diversity – employment category by education

Diversity across the Group with respect to education in each of the respective levels remains at the same level as those in 2014.

	Post graduate	Under graduate	Higher diploma	Diploma	Others	Total
2015						
No of employee	20	250	524	922	368	2,084
Percentage	1%	12%	25%	44%	18%	100%
2014						
No of employee	21	253	545	975	392	2,186
Percentage	1%	12%	25%	45%	17%	100%

2.2 Occupational Health and Safety

2.2.1 Frequency of major occupational injuries

During both 2014 and 2015, there were no occurrence of major occupational injuries as the Group devoted greater attention to the safety production programme. The number of major occupational injuries is measured by the number of major injuries reported for all employees. A major occupational injury is defined as any serious work-related injury to any person, or any injury resulting in damage compensation of more than RMB 50,000, or absence from the workplace for at least 24 hours.

2.2.2 Training and education

Total training hours increased to 1,560 hours in 2015, representing an increase of 15.5% as compared to 1,351 hours in 2014. This was due to more training activities being carried out in 2015 in the areas of work safety, environmental protection, quality controls, improving professionalism, as well as improving management skills.

3. Donations

The Group is keen to pay back to society. During the year, the Group had donated RMB 1.5 million (2014: RMB 3.5 million) to all kinds of charitable causes, including donations to volunteers' association, donation to charitable organisations in Shanxian and Dingtao City etc.

Directors' Statement

For the financial year ended 31 December 2015

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2015 and the balance sheet of the Company as at 31 December 2015.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 52 to 97 are drawn up so as to give a true and fair view of the financial position of the Company and the Group as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by consolidated financial statements; 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.

Directors

The directors of the Company in office at the date of this statement are as follows:

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

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares or debentures

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.12.2015	At 1.1.2015	**At 31.12.2015**	At 1.1.2015
China Sunsine Chemical Holdings Ltd.				
(No. of ordinary shares)				
Xu Cheng Qiu [(a)]	**2,869,000**	2,869,000	**293,642,550**	293,642,550
Liu Jing Fu	**720,000**	720,000	**–**	–
Tan Lye Heng Paul	**150,000**	150,000	**–**	–
Lim Heng Chong Benny	**100,000**	100,000	**–**	–
Koh Choon Kong [(b)]	**3,226,000**	950,000	**950,000**	3,226,000

Directors' Statement

For the financial year ended 31 December 2015

Directors' interests in shares or debentures (continued)

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.12.2015	At 1.1.2015	**At 31.12.2015**	At 1.1.2015
Immediate and Ultimate Holding Corporation - Success More Group Ltd				
(No. of ordinary shares)				
Xu Cheng Qiu [(a)]	**7,427**	7,427	**–**	–
Xu Jun	**812**	812	**–**	–

(a) Xu Cheng Qiu owns 74.27% of the issued share capital of Success More Group Ltd which owns 293,642,550 shares in the Company, and as such, by virtue of Section 7 of the Singapore Companies Act, is deemed to have an interest in the Company and its Subsidiary Corporations.

(b) The deemed interests of Koh Choon Kong arises from shares held by the nominees, Lim & Tan Securities Pte Ltd.

The directors' interests in the ordinary shares of the Company as at 21 January 2016 were the same as those as at 31 December 2015.

Share options

No options were granted during the financial year to subscribe for unissued shares of the Company or its subsidiary corporations.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

Audit Committee

The members of the Audit Committee at the end of the financial year were as follows:

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

Directors' Statement

For the financial year ended 31 December 2015

Audit Committee (continued)

All members of the Audit Committee were independent non-executive directors. The Audit Committee carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2015 before their submission to the Board of Directors.

The Audit Committee has recommended to the Board that the independent auditor, Nexia TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Independent Auditor

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

Xu Cheng Qiu Director	Liu Jing Fu Director

21 March 2016

Independent Auditor's Report

To the Members of China Sunsine Chemical Holdings Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of China Sunsine Chemical Holdings Ltd. (the "Company") and its subsidiary corporations (the "Group") set out on pages 52 to 97, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 December 2015, the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide 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 financial statements and to maintain accountability of assets.

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 about whether the financial statements are free from material misstatement.

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

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

Independent Auditor's Report

To the Members of China Sunsine Chemical Holdings Ltd.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015, and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company has been properly kept in accordance with the provisions of the Act.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Director-in-charge: Chin Chee Choon
(Appointed since financial year ended 31 December 2012)

Singapore

21 March 2016

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2015

	Note	**2015 RMB'000**	2014 RMB'000
Revenue	4	**1,859,127**	2,077,272
Cost of sales		**(1,367,111)**	(1,509,882)
Gross profit		**492,016**	567,390
Other gains - net	7	**38,648**	6,908
Expenses			
- Distribution and marketing		**(67,852)**	(57,078)
- Administrative		**(164,921)**	(196,676)
- Finance	8	**(10,436)**	(18,074)
Profit before income tax		**287,455**	302,470
Income tax expense	9	**(78,234)**	(82,250)
Net profit		**209,221**	220,220
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- Gains		**368**	526
Other comprehensive income, net of tax		**368**	526
Total comprehensive income		**209,589**	220,746
Net profit attributable to:			
Equity holders of the Company		**209,221**	220,220
Total comprehensive income attributable to:			
Equity holders of the Company		**209,589**	220,746
Earnings per share for profit attributable to equity holders of the Company (RMB cents per share)			
Basic and diluted earnings per share	10	**44.95**	47.31

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

Balance Sheets

As at 31 December 2015

	Note	Group		Company	
		2015	2014	**2015**	2014
		RMB'000	RMB'000	**RMB'000**	RMB'000
ASSETS					
Current assets					
Cash and bank balances	11	**341,252**	122,790	**1,055**	4,702
Trade and other receivables	12	**496,726**	704,691	**42,094**	10,677
Inventories	13	**141,509**	168,030	**–**	–
		979,487	995,511	**43,149**	15,379
Non-current assets					
Investments in subsidiary corporations	14	**–**	–	**350,010**	350,010
Property, plant and equipment	15	**562,781**	613,104	**–**	–
Intangible assets	16	**43,664**	29,507	**–**	–
		606,445	642,611	**350,010**	350,010
Total assets		**1,585,932**	1,638,122	**393,159**	365,389
LIABILITIES					
Current liabilities					
Trade and other payables	17	**210,338**	311,586	**13,793**	15,624
Borrowings	19	**144,872**	214,000	**–**	–
Current income tax liabilities	9	**41,355**	57,283	**975**	1,045
		396,565	582,869	**14,768**	16,669
Non-current liabilities					
Borrowings	19	**–**	44,000	**–**	–
Total liabilities		**396,565**	626,869	**14,768**	16,669
NET ASSETS		**1,189,367**	1,011,253	**378,391**	348,720
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	20	**313,471**	313,471	**313,471**	313,471
Treasury shares	20	**(28,197)**	(28,197)	**(28,197)**	(28,197)
Other reserves	21	**226,427**	183,907	**(5,250)**	(5,618)
Retained profits	22	**677,666**	542,072	**98,367**	69,064
Total equity		**1,189,367**	1,011,253	**378,391**	348,720

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

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2015

	Note	Share capital RMB'000	Treasury shares RMB'000	Currency translation reserve RMB'000	Merger reserve RMB'000	Statutory common reserve RMB'000	Voluntary common reserve RMB'000	Retained profits RMB'000	Total equity RMB'000
2015									
Beginning of financial year		**313,471**	**(28,197)**	**(5,932)**	**305**	**108,276**	**81,258**	**542,072**	**1,011,253**
Transfer to statutory and voluntary reserves		–	–	–	–	21,076	21,076	(42,152)	–
Dividends relating to 2014 paid	23	–	–	–	–	–	–	(31,475)	(31,475)
Total comprehensive income for the year		–	–	368	–	–	–	209,221	209,589
End of financial year		**313,471**	**(28,197)**	**(5,564)**	**305**	**129,352**	**102,334**	**677,666**	**1,189,367**
2014									
Beginning of financial year		**313,471**	**(28,197)**	**(6,458)**	**305**	**84,047**	**57,029**	**393,222**	**813,419**
Transfer to statutory and voluntary reserves		–	–	–	–	24,229	24,229	(48,458)	–
Dividends relating to 2013 paid	23	–	–	–	–	–	–	(22,912)	(22,912)
Total comprehensive income for the year		–	–	526	–	–	–	220,220	220,746
End of financial year		**313,471**	**(28,197)**	**(5,932)**	**305**	**108,276**	**81,258**	**542,072**	**1,011,253**

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
Cash flows from operating activities			
Net profit		**209,221**	220,220
Adjustments for:			
- Income tax expense	9(a)	**78,234**	82,250
- Amortisation, depreciation and impairment	5	**93,962**	87,344
- Gain on disposal of property, plant and equipment	5	**–**	(71)
- Government grants	5	**–**	(8,610)
- Bargain purchase on acquisition of a subsidiary corporation	7	**(7,126)**	–
- Interest income		**(1,209)**	(1,088)
- Finance expenses	8	**10,436**	18,074
- Unrealised currency translation losses		**7,509**	911
		391,027	399,030
Change in working capital			
- Inventories		**26,521**	(24,519)
- Trade and other receivables		**207,965**	(165,087)
- Trade and other payables		**(101,248)**	115,362
Cash generated from operations		**534,265**	324,786
Income tax paid	9(b)	**(94,150)**	(63,519)
Net cash generated from operating activities		**430,115**	261,267
Cash flows from investing activities			
Additions to property, plant and equipment	15	**(30,413)**	(229,750)
Additions to intangible assets	16	**(257)**	(4,415)
Acquisition of a subsidiary corporation, net of cash acquired	28(b)	**(20,000)**	–
Disposal of property, plant and equipment		**–**	178
Interest received		**1,209**	1,088
Net cash used in investing activities		**(49,461)**	(232,899)
Cash flows from financing activities			
Cash deposits restricted in use released from/(pledged with) banks		**10,270**	(10,100)
Proceeds from bank borrowings		**187,770**	308,900
Repayment of bank borrowings		**(308,000)**	(280,900)
Interest paid		**(10,436)**	(18,074)
Dividends paid to equity holders of the Company	23	**(31,475)**	(22,912)
Net cash used in financing activities		**(151,871)**	(23,086)
Net increase in cash and bank balances		**228,783**	5,282
Cash and bank balances			
Beginning of financial year		**110,790**	105,933
Effects of currency translation on cash and bank balances		**(51)**	(425)
End of financial year	11	**339,522**	110,790

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

Notes to the Financial Statements

For the financial year ended 31 December 2015

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

1 General information

China Sunsine Chemical Holdings Ltd. (the "Company") is listed on the Singapore Stock Exchange and incorporated and domiciled in Singapore. The registered office and the principal place of business is located at 112 Robinson Road, #12-04, Singapore 068902.

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 principal activity of the Company is that of an investment holding company. The principal activities of its subsidiary corporations are set out in Note 14 to the financial statements.

2 Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below. The financial statements are presented in Chinese Renminbi ("RMB") and have been rounded to the nearest thousand, unless otherwise stated.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

Interpretations and amendments to published standards effective in 2015

On 1 January 2015, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. 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 adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2 Significant accounting policies (continued)

2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Sale of goods

Revenue from these sales is recognised when the Group has delivered the products to locations specified by its customers and the customers have accepted the products.

(b) Rendering of service

Revenue from provision of heating power is recognised based on the power supplied during the year.

(c) Interest income

Interest income, including income arising from financial instruments, is recognised using the effective interest method.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.3 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2 Significant accounting policies (continued)

2.4 Group accounting

Subsidiary corporations

(i) Consolidation

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. If the amount in (b) exceeds the aggregate amounts specified in (a), the acquirer shall recognise the resulting gain in profit or loss on the acquisition date. The gain shall be attributed to the acquirer.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2 Significant accounting policies (continued)

2.4 Group accounting (continued)

Subsidiary corporations (continued)

(ii) Acquisitions (continued)

Acquisitions of entities under common control have been accounted for using the pooling-of-interest method. Under this method:

- The consolidated financial statements of the Group have been prepared as if the Group structure immediately after the transaction has been in existence since the earliest date the entities are under common control;
- The assets and liabilities are brought into the consolidated financial statements at their existing carrying amounts from the perspective of the controlling party;
- The consolidated statement of comprehensive income includes the results of the acquired entities since the earliest date the entities are under common control;
- The cost of investment is recorded at the aggregate of the nominal value of the equity shares issued, cash and cash equivalents and fair values of other consideration; and
- On consolidation, the difference between the cost of investment and the nominal value of the share capital of the merged subsidiary is taken to merger reserve.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2 Significant accounting policies (continued)

2.5 Property, plant and equipment

(a) *Measurement*

(i) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

(b) *Depreciation*

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Plant and machinery	4 to 10 years
Buildings	12 to 20 years
Motor vehicles	5 to 8 years
Office equipment	5 years

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2 Significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

2.6 Intangible assets

Land use rights

Land use rights are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 50 years, which is the shorter of their estimated useful lives and periods of contractual rights.

2.7 Investments in subsidiary corporations

Investments in subsidiary corporations are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of the investments, the difference between the disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.8 Impairment of non-financial assets

Property, plant and equipment
Intangible assets
Investments in subsidiary corporations

Property, plant and equipment, intangible assets and investments in subsidiary corporations are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2 Significant accounting policies (continued)

2.9 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: loans and receivables. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

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 are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" (Note 12) and "cash and bank balances" (Note 11) on the balance sheet.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2 Significant accounting policies (continued)

2.9 Financial assets (continued)

(e) Impairment (continued)

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2.10 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or release the asset and settle the liability simultaneously.

2.11 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.12 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

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

Notes to the Financial Statements

For the financial year ended 31 December 2015

2 Significant accounting policies (continued)

2.13 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.14 Leases

The Group leases offices under operating leases from non-related parties.

Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

2.15 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using weighted average method. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.16 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary corporations except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

2 Significant accounting policies (continued)

2.16 Income taxes (continued)

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.17 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

2.18 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Defined contribution plans – retirement benefits

Pursuant to the relevant regulations of the People's Republic of China ("PRC") government, the PRC subsidiary corporations of the Group ("PRC Subsidiary Corporations") have participated in central pension schemes ("the Schemes") operated by local municipal government whereby the PRC Subsidiary Corporations are required to contribute a certain percentage of the basic salaries of their employees to the Schemes to fund its retirement benefits. The local municipal government undertakes to assume the retirement benefit obligations of all existing and future retired employees of the PRC Subsidiary Corporations. The only obligation of the PRC Subsidiary Corporations with respect to the Schemes is to pay the ongoing required contributions under the Schemes mentioned above. Contributions under the Schemes are charged to profit or loss when incurred.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2 Significant accounting policies (continued)

2.19 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The Company's functional currency is Singapore Dollar. The financial statements are presented in Chinese Renminbi as the functional currency of the Group's operating subsidiary corporations is Chinese Renminbi.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

Foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other gains and losses".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

2.20 Segment reporting

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

Notes to the Financial Statements

For the financial year ended 31 December 2015

2 Significant accounting policies (continued)

2.21 Cash and bank balances

For the purpose of presentation in the consolidated statement of cash flows, cash and bank balances include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.22 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 any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sales or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

2.23 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

Income taxes

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. The carrying amount of the Group's income tax liabilities at 31 December 2015 is RMB 41,355,000 (2014: RMB 57,283,000) as disclosed in Note 9 to the financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2015

3 Critical accounting estimates, assumptions and judgements (continued)

3.2 Critical judgements on applying the entity's accounting policies

Deferred income tax assets

The Group recognises tax liabilities and assets tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition, management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised.

A deferred income tax asset is recognised for tax losses and capital allowances carried forward if it is probable that the entities within the Group will generate sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations.

Due to their inherent nature, assessments of likelihood are judgmental and not subjected to precise determination. The Group has unrecognised tax losses of RMB 54,304,000 (2014: RMB 42,163,000) carried forward at the balance sheet date.

4 Revenue

	Group	
	2015	2014
	RMB'000	RMB'000
Sales of goods - rubber chemicals	**1,854,893**	2,077,272
Rendering of service - heating power	**4,234**	–
	1,859,127	2,077,272

Notes to the Financial Statements

For the financial year ended 31 December 2015

5 Expenses by nature

	Group	
	2015	2014
	RMB'000	RMB'000
Purchases of inventories	**1,035,005**	1,275,706
Amortisation of intangible assets (Note 16)	**611**	548
Depreciation of property, plant and equipment (Note 15)	**93,351**	73,519
Allowance for impairment of property, plant and equipment (Note 15)	**–**	13,277
Total amortisation, depreciation and impairment	**93,962**	87,344
Allowance for impairment of trade and other receivables,net (Note 25(b)(ii))	**10,603**	4,527
Employee compensation (Note 6)	**171,822**	174,278
Port charges	**11,691**	9,639
Freight charges	**35,740**	34,715
Fees on audit services paid/payable to		
- Auditor of the Company	**975**	876
- Other auditor	**114**	46
Total audit fees	**1,089**	922
Directors' fees	**814**	873
Changes in inventories	**26,521**	(24,519)
Government grants (Note 18)	**–**	(8,610)
Gain on disposal of property, plant and equipment	**–**	(71)
Utilities	**138,903**	117,672
Other expenses	**73,734**	91,160
Total cost of sales, distribution and marketing costs, and administrative expenses	**1,599,884**	1,763,636

6 Employee compensation

	Group	
	2015	2014
	RMB'000	RMB'000
Salaries and wages	**152,811**	147,949
Employer's contribution to defined contribution plans including Central Provident Fund	**19,011**	26,329
	171,822	174,278

Notes to the Financial Statements

For the financial year ended 31 December 2015

7 Other gains – net

	Group	
	2015	2014
	RMB'000	RMB'000
Interest income on bank deposits	**1,209**	1,088
Profit on sale of scrap materials	**3,647**	4,040
Bargain purchase on acquisition of a subsidiary corporation (Note 28 (c))	**7,126**	–
Reversal of long-aged payables	**15,245**	–
Currency exchange gains – net	**7,077**	144
Others	**4,344**	1,636
	38,648	6,908

8 Finance expenses

	Group	
	2015	2014
	RMB'000	RMB'000
Interest expense on bank borrowings	**9,736**	16,817
Interest expense on bill discounting	**700**	1,257
	10,436	18,074

9 Income tax

(a) Income tax expense

	Group	
	2015	2014
	RMB'000	RMB'000
Tax expense attributable to profit is made up of:		
Profit for the financial year:		
- Current income tax - People's Republic of China	**74,671**	82,250
Under provision in prior financial years:		
- Current income tax - People's Republic of China	**3,563**	–
	78,234	82,250

Notes to the Financial Statements

For the financial year ended 31 December 2015

9 Income tax (continued)

(a) Income tax expense (continued)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of the principal place of operation of the Group as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
Profit before income tax	**287,455**	302,470
Tax calculated at tax rate of 25% (2014: 25%)	**71,864**	75,617
Effects of:		
- different tax rates in other countries	**(5,184)**	(292)
- expenses not deductible for tax purposes	**5,105**	4,787
- income not subject to tax	**(3,393)**	(1,648)
- foreign withholding tax	**3,903**	985
- deferred income tax assets not recognised	**2,254**	2,671
- other	**122**	130
Tax charge	**74,671**	82,250

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profit is probable. The Group has unrecognised tax losses of RMB 54,304,000 (2014: RMB 42,162,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in Singapore. The tax losses have no expiry date.

Deferred income tax liabilities of approximately RMB 28,965,000 (2014: RMB 23,650,000) have not been recognised for withholding taxes that would be payable on unremitted earnings of the Group's subsidiaries (established in PRC) as the Group is in a position to control the timing of the remittance of earning and it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

(b) Movement in current income tax liabilities

	Group		Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Beginning of financial year	**57,283**	38,592	**1,045**	1,175
Currency translation differences	**(11)**	(40)	**(11)**	(40)
Income tax paid	**(94,150)**	(63,519)	**(4,084)**	(1,206)
Tax expense	**74,671**	82,250	**4,025**	1,116
Under provision in prior financial year	**3,563**	–	**–**	–
End of financial year	**41,355**	57,283	**975**	1,045

Notes to the Financial Statements

For the financial year ended 31 December 2015

10 Earnings per share

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

	2015	2014
Net profit attributable to equity holders of the Company (RMB'000)	**209,221**	220,220
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**465,504**	465,504
Basic and diluted earnings per share (RMB cents)	**44.95**	47.31

There are no dilutive potential ordinary shares during the financial year.

11 Cash and bank balances

	Group		**Company**	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash at bank and on hand	**341,252**	122,790	**1,055**	4,702

For the purpose of presenting the consolidated statement of cash flows, cash and bank balances comprise the following:

	Group	
	2015	2014
	RMB'000	RMB'000
Cash and bank balances (as above)	**341,252**	122,790
Less: Cash restricted in use	**(1,730)**	(12,000)
Cash and bank balances per consolidated statement of cash flows	**339,522**	110,790

Cash restricted in use represents bank balances held by banks for the issuances of letters of credit.

Notes to the Financial Statements

For the financial year ended 31 December 2015

12 Trade and other receivables

	Group		Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Notes receivables	**72,297**	236,360	**–**	–
Trade receivables				
- Non-related parties	**357,245**	378,408	**–**	–
Less: Allowance for impairment of trade receivables (Note 25(b)(ii))	**(15,996)**	(5,393)	**–**	–
Trade receivables - net	**341,249**	373,015	**–**	–
Non-trade receivables				
- Subsidiary corporations	**–**	–	**42,077**	10,656
- Non-related parties	**54,889**	31,739	**17**	21
	54,889	31,739	**42,094**	10,677
Advance to suppliers	**27,503**	62,640	**–**	–
Prepayments	**788**	937	**–**	–
	496,726	704,691	**42,094**	10,677

The non-trade amounts due from subsidiary corporations are unsecured, interest-free and are repayable on demand.

13 Inventories

	Group	
	2015	2014
	RMB'000	RMB'000
Raw materials	**74,217**	92,185
Finished goods	**63,048**	74,654
Packing materials	**4,244**	1,191
	141,509	168,030

The cost of inventories recognised as an expense and included in "cost of sales" amounted to RMB 1,061,526,000 (2014: RMB 1,251,187,000).

Notes to the Financial Statements

For the financial year ended 31 December 2015

14 Investments in subsidiary corporations

	Company 2015 RMB'000	Company 2014 RMB'000
Equity investments at cost		
Beginning and end of financial year	**350,010**	350,010

The Group had the following subsidiary corporations as at 31 December 2015 and 2014:

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent and the Group 2015 %	2014 %
Held by Company				
Shandong Sunsine Chemical Co.,Ltd [(a),(b)]	Manufacturing and sale of rubber chemicals, comprising rubber accelerators, anti-oxidant agents, anti-scorching agents and insoluble sulphur	People's Republic of China	**100**	100
Held by Shandong Sunsine Chemical Co.,Ltd				
Weifang Sunsine Chemical Co., Ltd [(b)]	Manufacturing and sale or rubber chemicals, including rubber accelerators	People's Republic of China	**100**	100
Shandong Sheng Tao Chemical Co., Ltd [(b)]	Manufacturing and sale or rubber chemicals, including insoluble sulphur	People's Republic of China	**100**	100
Held by Shandong Sunsine Chemical Co.,Ltd				
Shanxian Sunsine Hotel Management Co., Ltd [(b),(c)]	Hotel investment and management (dormant)	People's Republic of China	**100**	100
Shanxian Guangshun Heating Co., Ltd [(b)]	Production and supply of heating power, including preparation and implementation of the project	People's Republic of China	**100**	100
Held by Shanxian Sunsine Hotel Management Co., Ltd				
Shandong Fulong Villa Co., Ltd[(b)]	Hotel and restaurant	People's Republic of China	**100**	–

(a) Audited by Shan Dong He Hua United Certified Public Accounts Co., Ltd for local statutory purposes.

(b) For the purposes of preparing the consolidated financial statements of the Group, these financial statements have been audited by Shanghai Nexia TS Certified Public Accountants.

(c) The company was dormant during the financial year.

Notes to the Financial Statements

For the financial year ended 31 December 2015

14 Investments in subsidiary corporations (continued)

In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiary corporations would not compromise the standard and effectiveness of the audit of the Group.

Significant restrictions

Cash and short-term deposits of RMB 340,197,000 (2014: RMB 118,088,000) are held in the People's Republic of China and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

15 Property, plant and equipment

	Plant and machinery RMB'000	Buildings RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Assets under construction RMB'000	Total RMB'000
Group						
2015						
Cost						
Beginning of financial year	481,321	315,552	8,673	29,716	98,071	933,333
Additions	11,587	9,501	101	1,406	7,818	30,413
Acquisition of a subsidiary corporation (Note 28 (c))	1,472	10,984	38	121	–	12,615
Reclassification	68,356	41,013	–	(13,963)	(95,406)	–
End of financial year	562,736	377,050	8,812	17,280	10,483	976,361
Accumulated depreciation and impairment losses						
Beginning of financial year	240,976	67,768	4,272	7,213	–	320,229
Depreciation charge (Note 5)	68,299	21,580	997	2,475	–	93,351
End of financial year	309,275	89,348	5,269	9,688	–	413,580
Net book value						
End of financial year	**253,461**	**287,702**	**3,543**	**7,592**	**10,483**	**562,781**

Notes to the Financial Statements

For the financial year ended 31 December 2015

15 Property, plant and equipment (continued)

	Plant and machinery RMB'000	Buildings RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Assets under construction RMB'000	Total RMB'000
Group						
2014						
Cost						
Beginning of financial year	376,679	234,070	8,941	10,219	75,188	705,097
Additions	24,560	4,448	1,246	19,497	179,999	229,750
Reclassification	80,082	77,034	–	–	(157,116)	–
Disposals	–	–	(1,514)	–	–	(1,514)
End of financial year	481,321	315,552	8,673	29,716	98,071	933,333
Accumulated depreciation and impairment losses						
Beginning of financial year	181,383	43,643	4,558	5,256	–	234,840
Depreciation charge (Note 5)	53,307	17,262	993	1,957	–	73,519
Impairment loss [(a)] (Note 5)	6,286	6,863	128	–	–	13,277
Disposals	–	–	(1,407)	–	–	(1,407)
End of financial year	240,976	67,768	4,272	7,213	–	320,229
Net book value						
End of financial year	**240,345**	**247,784**	**4,401**	**22,503**	**98,071**	**613,104**

(a) During 2014, a subsidiary corporation of the Group within the rubber chemicals segment, Shandong Sunsine Chemical Co., Ltd. ("Shandong Sunsine") had carried out a review of the recoverable amount of its small boilers ("Private Boilers") subsequent to the Shanxian County government's ("Local Government") mandate that a centralised heating company to be set up to provide steam to all the companies in Shanxian Chemical Industrial Zone ("SCIZ") at market rate and Shanxian Guangshun Heating Co., Ltd. ("Guangshun") was incorporated on 30 December 2013 for that purpose. Subsequently, all of Shandong Sunsine's Private Boilers were shut down when Guangshun commenced its operations in November 2014. An impairment loss of RMB 13,277,000, representing the write-down of these Private Boilers to the recoverable amount was recognised in profit or loss for the financial year ended 31 December 2014.

Notes to the Financial Statements

For the financial year ended 31 December 2015

16 Intangible assets

	Group	
	2015	2014
	RMB'000	RMB'000
Land use rights		
Cost		
Beginning of financial year	**38,519**	34,104
Additions	**257**	4,415
Acquisition of a subsidiary corporation (Note 28 (c))	**14,511**	–
End of financial year	**53,287**	38,519
Accumulated amortisation and impairment losses		
Beginning of financial year	**9,012**	8,464
Amortisation charge (Note 5)	**611**	548
End of financial year	**9,623**	9,012
Net book value	**43,664**	29,507

Land use rights relate to the following parcels of land:

Location	**Period**	**Land area (sq m)**
Facility 1		
Intersection of Beiyuan Road and East Outer Ring Road, Shanxian	50 years (expiring on 5 Sep 2056)	162,087
Intersection of Beiyuan Road and East Outer Ring Road, Shanxian	50 years (expiring on 31 Oct 2059)	89,109
Intersection of Beiyuan Road and East Outer Ring Road, Shanxian	NA(1)	110,514
Intersection of Beiyuan Road and East Outer Ring Road, Shanxian	NA(1)	45,187
		406,897
Facility 2		
Bin Hai Economic Development Area, Weifang	50 years (expiring on 13 Mar 2061)	187,852
Facility 3		
Zhuji County, Changjiang Road North, Chenji, Dingtao	50 years (expiring on 2 Sep 2064)	59,942
Zhuji County, Changjiang Road North, Chenji, Dingtao	NA(2)	126,725
		186,667
Facility 4		
Economic and Technological Development Zone, Shanxian	50 years (expiring on 26 Dec 2063)	46,175
Economic and Technological Development Zone, Shanxian	NA(3)	80,492
		126,667
Facility 5		
Fulong Lake, Fugang Villiage, Shanxian	35 years (expiring on 7 Sep 2050)	33,618

Notes to the Financial Statements

For the financial year ended 31 December 2015

16 Intangible assets (continued)

(1) The land for Facility 1 is where Shandong Sunsine Chemical Co., Ltd.'s ("Shandong Sunsine") chemical factories are built. However, its full rights to the properties (comprising building and land) is subject to the grant of the land use rights for the land on which the buildings are erected. As at the date of authorisation of these financial statements, Shandong Sunsine has obtained construction permission from the local authority of Shanxian County but has yet to receive the land use rights certificates. Accordingly, the expiry date of the land use rights cannot be ascertained.

(2) The land for Facility 3 is where Shandong Sheng Tao Chemical Co., Ltd.'s ("Shandong Sheng Tao") factory is built. However, its full rights to the properties (comprising building and land) is subject to the grant of the land use rights for the land on which the buildings are erected. As at the date of authorisation of these financial statements, Shandong Shengtao has obtained construction permission from the local authority of Dingtao County but has yet to receive the land use rights certificates. Accordingly, the expiry date of the land use rights cannot be ascertained.

(3) The land for Facility 4 is where Shanxian Guangshun Heating Co., Ltd.'s ("Guangshun") factory is built. However, its full rights to the properties (comprising building and land) is subject to the grant of the land use rights for the land on which the buildings are erected. As at the date of authorisation of these financial statements, Guangshun has obtained construction permission from the local authority of Shanxian County but has yet to receive the land use rights certificates. Accordingly, the expiry date of the land use rights cannot be ascertained.

17 Trade and other payables

	Group		**Company**	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade payables - Non-related parties	**43,032**	47,828	**–**	–
Non-trade payables - Non-related parties	**64,857**	148,130	**28**	27
Accruals for operating expenses	**102,449**	115,628	**13,765**	15,597
	210,338	311,586	**13,793**	15,624

18 Deferred grants

	Group	
	2015	2014
	RMB'000	RMB'000
Beginning of financial year	**–**	8,610
Recognised in profit or loss during the financial year (Note 5)	**–**	(8,610)
End of financial year	**–**	–

Deferred grants relate to government grants received from governmental agencies for research activities undertaken by the Group's subsidiary in the 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 2015

19 Borrowings

	Group	
	2015	2014
	RMB'000	RMB'000
Current		
Bank borrowings – unsecured [a]	**144,872**	190,000
Bank borrowings – secured [b]	**–**	20,000
Bank borrowings – secured [c]	**–**	4,000
	144,872	214,000
Non-current		
Bank borrowings – unsecured [c]	**–**	44,000
Total borrowings	**144,872**	258,000

(a) The short-term borrowings are unsecured and repayable within the next twelve months which bears effective interest rate at 4.00% (2014: 5.89%).

(b) The short-term borrowings were secured by personal guarantee from one of the Company's director and corporate guarantee from Weifang Sunsine Chemical Co., Ltd., the Company's subsidiary corporation.

(c) The borrowings were secured by personal guarantee from one of the Company's director.

The exposure of the borrowings of the Group to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
6 months or less	**53,962**	170,000
6 – 12 months	**90,910**	44,000
1 – 5 years	**–**	44,000
	144,872	258,000

Fair value of non-current borrowings

	Group	
	2015	2014
	RMB'000	RMB'000
Bank borrowings	**–**	36,525

Notes to the Financial Statements

For the financial year ended 31 December 2015

19 Borrowings (continued)

The fair values above are determined from the cash flow analyses, discounted at market borrowing rates of an equivalent instrument at the balance sheet date which the directors expect to be available to the Group as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
Bank borrowings	**–**	6.15%

The fair values are within Level 2 of the fair values hierarchy.

20 Share capital and treasury shares

(a) Share capital

	No. of ordinary shares	Amount SGD'000	Amount RMB'000
Group and Company			
2015			
Beginning and end of financial year	491,694,000	62,649	313,471
2014			
Beginning and end of financial year	491,694,000	62,649	313,471

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

The holders of ordinary shares (except for 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 regards to the Group's residual assets.

(b) Treasury shares

	No. of ordinary shares	Amount SGD'000	Amount RMB'000
Group and Company			
2015			
Beginning and end of financial year	26,190,000	(5,792)	(28,197)
2014			
Beginning and end of financial year	26,190,000	(5,792)	(28,197)

Treasury shares held by the Company relates to ordinary shares of the Company.

Notes to the Financial Statements

For the financial year ended 31 December 2015

21 Other reserves

	Group 2015 RMB'000	Group 2014 RMB'000	Company 2015 RMB'000	Company 2014 RMB'000
(a) Composition:				
Merger reserve	**305**	305	**–**	–
Statutory common reserve	**129,352**	108,276	**–**	–
Voluntary common reserve	**102,334**	81,258	**–**	–
Currency translation reserve	**(5,564)**	(5,932)	**(5,250)**	(5,618)
	226,427	183,907	**(5,250)**	(5,618)

(b) Movements:

	Group 2015 RMB'000	Group 2014 RMB'000	Company 2015 RMB'000	Company 2014 RMB'000
(i) Merger reserve				
Beginning and end of financial year	**305**	305	**–**	–
(ii) Statutory common reserve				
Beginning of financial year	**108,276**	84,047	**–**	–
Transfer from retained profits	**21,076**	24,229	**–**	–
End of financial year	**129,352**	108,276	**–**	–
(iii) Voluntary common reserve				
Beginning of financial year	**81,258**	57,029	**–**	–
Transfer from retained profits	**21,076**	24,229	**–**	–
End of financial year	**102,334**	81,258	**–**	–
(iv) Currency translation reserve				
Beginning of financial year	**(5,932)**	(6,458)	**(5,618)**	(6,144)
Net currency translation differences of financial statements of holding company	**368**	526	**368**	526
End of financial year	**(5,564)**	(5,932)	**(5,250)**	(5,618)

Other reserves are non-distributable.

Notes to the Financial Statements

For the financial year ended 31 December 2015

21 Other reserves (continued)

Merger reserve

The merger reserve arose 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 2007.

Currency translation reserve

The currency translation reserve represents exchange differences arising from the translation of the financial statements of the Company whose functional currency is different from that of the Group's presentation currency.

Statutory and Voluntary reserves

According to the Company Law of People's Republic of China ("PRC") and Articles of Association of PRC Subsidiary Corporations, the subsidiary corporations are required to provide the following statutory reserves which are appropriated from the net profit as reported in the PRC statutory financial statements:

(i) Statutory common reserve

A company is required to transfer 10% of the net profit as reported in its PRC statutory financial statements to statutory common reserve annually, 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 corporation is allowed to appropriate a minimum of 10% of the net profit 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.

22 Retained profits

(a) Retained profits of the Group and the Company are distributable.

(b) Movement in retained profits for the Company is as follows:

	Company	
	2015	2014
	RMB'000	RMB'000
Beginning of financial year	**69,064**	89,439
Net profit	**60,778**	2,537
Dividends paid (Note 23)	**(31,475)**	(22,912)
End of financial year	**98,367**	69,064

Notes to the Financial Statements

For the financial year ended 31 December 2015

23 Dividends

	Group	
	2015	2014
	RMB'000	RMB'000
Ordinary dividends paid		
Final dividends paid in respect of the previous financial year of SGD 0.015 (2014: SGD 0.01) per share (Note 22)	**31,475**	22,912

In respect of the current financial year, the directors propose a final ordinary dividend of SGD 0.01 per share plus a special dividend of SGD 0.005 per share. These dividends will be paid to shareholders in financial year 2016. These one-tier tax exempt dividends are subject to approval by the shareholders at the forthcoming Annual General Meeting to be held on 27 April 2016 and have not been included as a liability in these financial statements. The proposed dividends are 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 dividend to be paid is SGD 6,982,560 (equivalent to approximately RMB 32,035,000).

24 Commitments

(a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
Property, plant and equipment	**–**	4,044

(b) Operating lease commitments – where the Group is a lessee

The Group leases office from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group and Company	
	2015	2014
	RMB'000	RMB'000
Not later than one year	**150**	49
Between one and five years	**50**	–
	200	49

Notes to the Financial Statements

For the financial year ended 31 December 2015

25 Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk, price risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Board of Directors establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement.

The overall business strategies of the Group, its tolerance for risk and its general risk management philosophy are determined by the management in accordance with prevailing economic and operating conditions. In determining its risk management policies, the management ensures that an acceptable balance is made between the cost of risks occurring and the cost of managing the risks.

The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Market risk

(i) Currency risk

The Group operates in People's Republic of China ("PRC"). Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies"). Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the Singapore Dollar ("SGD"), United States Dollar ("USD") and Euro ("EUR").

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

Currently, the PRC government imposes control over foreign currencies. Chinese Renminbi ("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.

Notes to the Financial Statements

For the financial year ended 31 December 2015

25 Financial risk management (continued)

(a) Market risk (continued)

(i) *Currency risk (continued)*

The Company's operation does not expose itself to significant currency risk.

The Group's currency exposure based on the information provided to key management is as follows:

	RMB RMB'000	USD RMB'000	EUR RMB'000	SGD RMB'000	Total RMB'000
At 31 December 2015					
Financial assets					
Cash and bank balances	196,104	103,327	6,818	35,003	341,252
Trade and other receivables	363,284	103,328	1,805	18	468,435
Receivables from inter-company	43,488	–	–	42,077	85,565
	602,876	206,655	8,623	77,098	895,252
Financial liabilities					
Trade and other payables	(196,545)	–	–	(13,793)	(210,338)
Borrowings	(15,000)	(129,872)	–	–	(144,872)
Payables to inter-company	(43,488)	–	–	(42,077)	(85,565)
	(255,033)	(129,872)	–	(55,870)	(440,775)
Net financial assets	347,843	76,783	8,623	21,228	454,477
Add: Net non-financial assets/ (liabilities)	735,865	–	–	(975)	734,890
Net assets	1,083,708	76,783	8,623	20,253	1,189,367
Less: Net financial assets denominated in the respective entities' functional currencies	(347,645)	–	–	(29,356)	(377,001)
Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities' functional currencies	**–**	**76,783**	**8,623**	**(8,128)**	**77,278**

Notes to the Financial Statements

For the financial year ended 31 December 2015

25 Financial risk management (continued)

(a) Market risk (continued)

(i) *Currency risk (continued)*

The Group's currency exposure based on the information provided to key management is as follows:

	RMB RMB'000	USD RMB'000	EUR RMB'000	SGD RMB'000	Total RMB'000
At 31 December 2014					
Financial Assets					
Cash and cash balances	100,339	17,175	574	4,702	122,790
Trade and other receivables	577,711	63,369	13	21	641,114
Receivables from inter-company	76,038	–	–	10,656	86,694
	754,088	80,544	587	15,379	850,598
Financial Liabilities					
Trade and other payables	(295,962)	–	–	(15,624)	(311,586)
Borrowings	(258,000)	–	–	–	(258,000)
Payables to inter-company	(76,038)	–	–	(10,656)	(86,694)
	(630,000)	–	–	(26,280)	(656,280)
Net financial assets/(liabilities)	124,088	80,544	587	(10,901)	194,318
Add: Net non-financial assets/ (liabilities)	817,980	–	–	(1,045)	816,935
Net assets	942,068	80,544	587	(11,946)	1,011,253
Less: Net financial liabilities denominated in the respective entities' functional currencies	(124,088)	–	–	(10,901)	(134,989)
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	**–**	**80,544**	**587**	**–**	**81,131**

Notes to the Financial Statements

For the financial year ended 31 December 2015

25 Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the USD, EUR and SGD change against the RMB by 6% (2014: 1%), 5% (2014: 11%) and 1% (2014: nil) respectively with all other variables including tax rate being held constant, the effects arising from the net financial liabilities/assets position will be as follow:

	Increase/(decrease)	
	2015	2014
	Net profit	Net profit
	RMB'000	RMB'000
USD against RMB		
- Strengthened	**3,455**	604
- Weakened	**(3,455)**	(604)
EUR against RMB		
- Strengthened	**323**	48
- Weakened	**(323)**	(48)
SGD against RMB		
- Strengthened	**(61)**	–
- Weakened	**61**	–

(ii) Price risks

The Group is exposed to the market price for its principal raw materials which relate mainly to aniline. If prices for aniline had increased/decreased by 10% (2014: 10%) with all other variables including tax rate being held constant, the effects on net profit will be RMB 15,648,000 (2014: RMB 30,020,000) lower/higher.

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the 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 fair value of a financial instrument will fluctuate due to changes in market interest rates.

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.

If the interest rates had been higher/lower by 10% (2014: 10%) with all other variables including tax rate being held constant, the net profit would have been lower/higher by RMB 390,000 (2014: RMB 1,147,000) as a result of higher/lower interest expense on these borrowings.

Notes to the Financial Statements

For the financial year ended 31 December 2015

25 Financial risk management (continued)

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are trade receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the Group's Executive Chairman based on ongoing credit evaluation. The counterparty's payment pattern and credit exposure are continuously monitored by directors.

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

The trade receivables of the Group comprise of one debtor (2014: one debtor) that individually represented more than 5% of trade receivables.

The credit risk for trade receivables based on the information provided to key management is as follows:

	2015 **RMB'000**	2014 RMB'000
By geographical areas		
People's Republic of China	**266,371**	310,055
Overseas market	**74,878**	62,960
	341,249	373,015
By types of customers		
Non-related parties	**341,249**	373,015

(i) *Financial assets that are neither past due nor impaired*

Cash and bank balances that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

Notes to the Financial Statements

For the financial year ended 31 December 2015

25 Financial risk management (continued)

(b) Credit risk (continued)

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	2015 **RMB'000**	2014 RMB'000
Past due < 3 months	**34,397**	32,115
Past due 3 to 6 months	**844**	516
	35,241	32,631

Trade receivables that are past due have not been impaired at the balance sheet date as the Group has received the payments from customers after financial year end.

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment is as follows:

	2015 **RMB'000**	2014 RMB'000
Trade receivables	**15,996**	5,393
Less: Allowance for impairment of receivables	**(15,996)**	(5,393)
	–	–
Beginning of financial year	**(5,393)**	(866)
Allowance made	**(13,421)**	(4,751)
Reversal of allowance made	**2,818**	224
End of financial year (Note 12)	**(15,996)**	(5,393)

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Notes to the Financial Statements

For the financial year ended 31 December 2015

25 Financial risk management (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group 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, except for non-current bank borrowings. The Group monitors working capital projections regularly, taking into account the available banking facilities to ensure that the Group has adequate working capital to meet current requirement.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year RMB'000	**Between 1 to 2 years RMB'000**	**Between 2 and 5 years RMB'000**
Group			
At 31 December 2015			
Trade and other payables	210,338	–	–
Borrowings	144,872	–	–
At 31 December 2014			
Trade and other payables	311,586	–	–
Borrowings	214,000	4,628	48,386
Company			
At 31 December 2015			
Trade and other payables	13,793	–	–
At 31 December 2014			
Trade and other payables	15,624	–	–

Notes to the Financial Statements

For the financial year ended 31 December 2015

25 Financial risk management (continued)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The gearing ratio is calculated as net debts divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and bank balances. Total capital is calculated as equity plus net debt.

	Group		Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Net debt	**13,958**	446,796	**12,738**	10,922
Total equity	**1,189,367**	1,011,253	**378,391**	348,720
Total capital	**1,203,325**	1,458,049	**391,129**	359,642
Gearing ratio	**1%**	31%	**3%**	3%

The Group is in compliance with all externally imposed capital requirements for the financial years ended 31 December 2015 and 2014.

(e) Fair value measurements

The assets and liabilities measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

(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).

The carrying amounts less allowance for impairment of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The carrying amounts of current borrowings approximate their fair values.

Notes to the Financial Statements

For the financial year ended 31 December 2015

25 Financial risk management (continued)

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheets, except for the following:

	Group		Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Loans and receivables	**809,687**	763,904	**43,139**	15,379
Financial liabilities measured at amortised cost	**355,210**	569,586	**13,793**	15,624

26 Related party transactions

Key management personnel compensation (representing compensation to executive directors and executive officers of the Group) is as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
Salaries and wages	**15,283**	17,586
Directors' fee	**814**	873
Employer's contribution to defined contribution plans	**95**	66
	16,192	18,525

Included in the above is total compensation to directors of the Company amounting to RMB 14,936,000 (2014: RMB 17,293,000).

27 Segment information

Business Segment

The Board of Directors ("BOD) is the Group's ultimate decision makers. Management determined the operating segments based on the reports reviewed by the BOD that are used to make strategic decision, allocate resources, and assess performance. The BOD assesses the Group's performance mainly from business segment perspective.

The Group has two reportable business segments, namely (1) the manufacturing and sale of rubber chemicals, and (2) the production and supply of heating power.

Notes to the Financial Statements

For the financial year ended 31 December 2015

27 Segment information (continued)

The segment information for the reportable business segments are as follows:-

	Rubber Chemicals RMB'000	Heating Power RMB'000	Others RMB'000	Total RMB'000
2015				
Sales				
Total segment sales	2,292,782	61,421	2,441	2,356,644
Inter-segment sales	(437,889)	(57,187)	(2,441)	(497,517)
Sales to external parties	1,854,893	4,234	–	1,859,127
Adjusted EBITDA	388,824	11,881	(10,061)	390,644
Depreciation	(82,709)	(10,642)	–	(93,351)
Amortisation	(611)	–	–	(611)
Segment assets	1,373,829	183,899	28,204	1,585,932
Segment assets include:				
Additions to property, plant and equipment	30,413	–	12,615	43,028
Additions to intangible assets	–	257	14,511	14,768
Segment liabilities	348,672	33,115	14,778	396,565
2014				
Sales				
Total segment sales	2,652,303	15,947	2,618	2,670,868
Inter-segment sales	(575,031)	(15,947)	(2,618)	(593,596)
Sales to external parties	2,077,272	–	–	2,077,272
Adjusted EBITDA	424,773	1,650	(19,623)	406,800
Depreciation	(72,702)	(817)	–	(73,519)
Amortisation	(548)	–	–	(548)
Impairment	(13,277)	–	–	(13,277)
Segment assets	1,400,482	232,911	4,729	1,638,122
Segment assets include:				
Additions to property, plant and equipment	116,059	113,691	–	229,750
Additions to intangible assets	4,201	214	–	4,415
Segment liabilities	527,903	82,297	16,669	626,869

Notes to the Financial Statements

For the financial year ended 31 December 2015

27 Segment information (continued)

Sales between segments are carried out at agreed terms. The revenue from external parties reported to the BOD is measured in a manner consistent with that in the statement of comprehensive income.

The BOD assesses the performance of the operating segments based on a measure of earnings before interest, tax, depreciation and amortisation ("Adjusted EBITDA") for continuing operations. This measurement basis excludes the effects of expenditure from the operating segments such as restructuring costs and impairment loss that are not expected to recur regularly in every period which are separately analysed. Interest income and finance expenses are not allocated to segments, as this type of activity is driven by the Board of Directors, which manages the cash position of the Group.

(a) Reconciliations

(i) *Segment profits*

A reconciliation of adjusted EBITDA to profit before income tax is as follows:

	2015	2014
	RMB'000	RMB'000
Adjusted EBITDA for reportable segments	**390,644**	406,800
Depreciation	**(93,351)**	(73,519)
Impairment loss on property, plant and equipment	**–**	(13,277)
Amortisation	**(611)**	(548)
Finance expenses	**(10,436)**	(18,074)
Interest income	**1,209**	1,088
Profit before income tax	**287,455**	302,470

(ii) *Segment assets*

The amounts reported to the Board of Directors with respect to total assets are measured in a manner consistent with that of the financial statements. All assets are allocated to the reportable segments.

	2015	2014
	RMB'000	RMB'000
Segment assets for reportable segments	**1,585,932**	1,638,122

(iii) *Segment liabilities*

The amounts provided to the Board of Directors with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments.

	2015	2014
	RMB'000	RMB'000
Segment liabilities for reportable segments	**395,565**	626,869

Notes to the Financial Statements

For the financial year ended 31 December 2015

27 Segment information (continued)

(b) Geographical Segment

Currently, the Group's business operates only in PRC. For geographical segment information, the revenue is based on where the customers are located.

	Revenue		Non-current assets	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
People's Republic of China	**1,175,133**	1,273,035	**606,445**	642,611
Rest of Asia	**444,553**	507,023	**–**	–
America	**121,056**	143,659	**–**	–
Europe	**105,245**	95,615	**–**	–
Other countries	**13,140**	57,940	**–**	–
	1,859,127	2,077,272	**606,445**	642,611

There are no customers individually contributing more than 10% to the revenue of the Group.

28 Business combination

On 24 November 2015, the Company, through its wholly owned subsidiary corporation, Shanxian Sunsine Hotel Management Co., Ltd, acquired 100% interest in Shandong Fulong Villa Co., Ltd for a cash consideration of RMB 20,000,000. The principal activity of Shandong Fulong Villa Co., is that of operating hotel and restaurant in Shandong. As a result of the acquisition, the Group is expected to benefit from the rapid growth in Heze City's tourism sector and generate returns to the Group in the future.

Details of the consideration paid, the assets acquired and liabilities assumed and the effects on cash flows of the Group, at the acquisition date, are as follows:

(a) Purchase consideration

	RMB'000
Cash paid	20,000
Consideration transferred for the business	**20,000**

(b) Effect on cash flows of the Group

Cash paid (as above)	20,000
Less: cash and cash equivalents in the subsidiary corporation acquired	**–**
Cash outflow on acquisition	**20,000**

Notes to the Financial Statements

For the financial year ended 31 December 2015

28 Business combination (continued)

(c) Identifiable assets acquired and liabilities assumed

	At fair value RMB'000
Property, plant and equipment (Note 15)	12,615
Intangible assets (Note 16)	14,511
Total assets representing total identifiable net assets	**27,126**
Less: Bargain purchase on acquisition of a subsidiary corporation (Note 7)	(7,126)
Consideration transferred for the business	**20,000**

(d) Bargain purchase on acquisition of a subsidiary corporation

The bargain purchase on acquisition of a subsidiary corporation is attributable to the higher fair value of identifiable net assets acquired.

(e) Revenue and profit contribution

The revenue recognised by the acquired business from 24 November 2015 to 31 December 2015 remained insignificant.

29 New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2016 or later periods and which the Group has not early adopted:

- FRS 114: Regulatory Deferral Accounts (effective for annual periods beginning on or after 1 January 2016)
- Amendments to FRS 1: Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016)
- Amendments to FRS 27: Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016)
- Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016)
- Amendments to FRS 16 and FRS 41: Agriculture: Bearer Plants (effective for annual periods beginning on or after 1 January 2016)
- Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016)

Notes to the Financial Statements

For the financial year ended 31 December 2015

29 New or revised accounting standards and interpretations (continued)

- Amendments to FRS 110, FRS 112 and FRS 28: Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016)

- Amendments to FRS 105: Non-current Assets Held for Sale and Discontinued Operations (effective for annual periods beginning on or after 1 January 2016)

- Amendments to FRS 107: Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 January 2016)

- Amendment to FRS 19: Employee Benefits (effective for annual periods beginning on or after 1 January 2016)

- Amendment to FRS 34: Interim Financial Reporting (effective for annual periods beginning on or after 1 January 2016)

- FRS 115: Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018)

- FRS 109: Financial Instruments (effective for annual periods beginning on or after 1 January 2018)

- Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (The mandatory effective date of this Amendment had been revised from 1 January 2016 to a date to be determined by the Accounting Standards Council Singapore (ASC) in December 2015 via Amendments to Effective Date of Amendments to FRS 110 and FRS 28)

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption.

30 Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of China Sunsine Holdings Ltd. on 21 March 2016.

Statistics of Shareholdings

As at 15 March 2016

SHARE CAPITAL

Number of Issued Shares	:	491,694,000
Number of Issued Shares (excluding Treasury Shares)	:	465,504,000
Number/Percentage of Treasury Shares	:	26,190,000 / 5.33%
Class of Shares	:	Ordinary Shares
Voting Rights (excluding of Treasury Shares)	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% Shareholders	No. of Shares	% Shareholdings
No. of ordinary shares held				
1 – 99	1	0.08	36	0.00
100 – 1,000	38	3.20	32,636	0.01
1,001 – 10,000	500	42.16	3,111,600	0.67
10,001 – 1,000,000	620	52.28	49,539,101	10.64
1,000,001 and above	27	2.28	412,820,627	88.68
Grand Total	**1,186**	**100.00**	**465,504,000**	**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	63.08
2.	CHIA KEE KOON	19,186,800	4.12
3.	XU XIANLEI	12,840,200	2.76
4.	STONE ROBERT ALEXANDER	11,550,000	2.48
5.	ASTRONOMIC CAPITAL GROUP INC	11,257,762	2.42
6.	HL BANK NOMINEES (SINGAPORE) PTE LTD	9,035,400	1.94
7.	BANK OF SINGAPORE NOMINEES PTE LTD	7,896,000	1.70
8.	DB NOMINEES (SINGAPORE) PTE LTD	7,370,000	1.58
9.	DBS NOMINEES PTE LTD	6,207,424	1.33
10.	KOH CHOON KONG	3,226,000	0.69
11.	XU CHENGQIU	2,869,000	0.62
12.	EE HOCK LEONG LAWRENCE	2,800,000	0.60
13.	LEOW EK HUA	2,700,300	0.58
14.	YEO KHEE CHYE	2,290,000	0.49
15.	ABN AMRO CLEARING BANK N.V.	2,148,400	0.46
16.	RAFFLES NOMINEES (PTE) LTD	2,051,200	0.44
17.	UNITED OVERSEAS BANK NOMINEES PRIVATE LIMITED	1,992,000	0.43
18.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,947,000	0.42
19.	TIAN TIAN	1,802,000	0.39
20.	MAYBANK KIM ENG SECURITIES PTE LTD	1,585,991	0.34
	TOTAL	**404,398,027**	**86.87**

Note:

%: Based on 465,504,000 shares (excluding treasury shares) as at 15 March 2016

*Treasury shares as at 15 March 2016 are 26,190,000 shares

Statistics of Shareholdings

As at 15 March 2016

SHAREHOLDINGS HELD IN THE HANDS OF PUBLIC

Based on the information available to the Company as at **15 March 2016**, approximately 35.2% 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)

	Direct Interest		Deemed Interest	
Name of Substantial Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Success More Group Limited [1]	293,642,550	63.08	–	–
Xu Cheng Qiu [1]	2,869,000	0.62	293,642,550	63.08

Note:

(1) By virtue of Section 7 of the Singapore Companies Act, Cap. 50, Mr Xu Cheng Qiu is deemed to be interested in the 293,642,550 Shares held by Success More Group Limited.

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 ("**AGM**") of China Sunsine Chemical Holdings Ltd. (the "**Company**") will be held at Orchard Room, Level 4, Raffles City Convention Centre, 80 Bras Basah Road, Singapore 189560 on 27 April 2016 at 10.00 a.m. for the purpose of transacting the following businesses:-

As Ordinary Business:-

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

2. To declare a final one-tier tax exempt ordinary dividend of 1 Singapore cent per ordinary share and a final one-tier tax exempt special dividend of 0.5 Singapore cent per ordinary share for the financial year ended 31 December 2015. **(Resolution 2)**

3. To re-elect the Director, Mr Lim Heng Chong Benny, retiring by rotation under Article 104 of the Company's Articles of Association, and being eligible, offering himself for re-election. **(Resolution 3)**
   [See Explanatory Note 1]

   Note: Mr Tan Lye Heng Paul, who retires by rotation under Article 104 of the Company's Articles of Association, will not be seeking re-election as Director of the Company.
   [See Explanatory Note 2]

4. To re-appoint the following Directors who were re-appointed at the last Annual General Meeting of the Company held on 29 April 2015 ("**2015 AGM**") to hold office until this AGM pursuant to the then Section 153(6) of the Companies Act (Cap. 50) of Singapore (the "**Act**"):-

   (i) Mr Xu Cheng Qiu; and **[See Explanatory Note 3]** **(Resolution 4)**

   (ii) Ms Xu Chun Hua. **[See Explanatory Note 4]** **(Resolution 5)**

5. To approve the amount of S$180,000 proposed as Directors' fees for the financial year ended 31 December 2015 (2014: S$180,000). **(Resolution 6)**

6. To re-appoint Messrs Nexia TS Public Accounting Corporation as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 7)**

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 resolution as ordinary resolution, with or without modifications:

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

   "That pursuant to Section 161 of the Act 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

Notice of Annual General Meeting

To the Members of China Sunsine Chemical Holdings Ltd.
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(Incorporated in the Republic of Singapore)

(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 Resolution 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 this 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);

(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) 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

(4) (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 5]

Notice of Annual General Meeting

To the Members of China Sunsine Chemical Holdings Ltd.
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9. **RENEWAL OF SHARE PURCHASE MANDATE** **(Resolution 9)**

"That:

(a) for the purposes of the Act, the exercise by the Directors of the Company ("**Directors**") of all the powers of the Company to purchase or otherwise acquire the issued ordinary shares in the capital of the Company ("**Shares**") (excluding treasury shares) not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) on-market share purchases, transacted on the SGX-ST through the ready market through one or more duly licensed dealers appointed by the Company for the purpose (the "**Market Purchase**"); and/or

(ii) off-market share purchases (the "**Off-Market Purchase**") (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme as defined in Section 76C of the Act as may be determined or formulated by the Directors as they may consider fit and in the best interests of the Company, which scheme shall satisfy all the conditions prescribed by the Act and the Listing Manual of the SGX-ST,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorized and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time, by the Company on and from the date of the passing of this Ordinary Resolution, up to the earliest of:

(i) the date on which the next annual general meeting of the Company is held or required by law to be held; or

(ii) the date on which the purchases or acquisitions of the Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority conferred by the Share Purchase Mandate is varied or revoked by the Company in a general meeting;

(c) in this Ordinary Resolution:

"**Prescribed Limit**" means the number of Shares representing not more than 10% of the number of issued shares of the Company (excluding treasury shares) as at the date of the last annual general meeting held before the resolution authorising the Share Purchase Mandate is passed, or as at the date on which the resolution authorising the Share Purchase Mandate is passed, whichever is higher, unless the Company has, at any time during the Relevant Period (as hereinafter defined), effected a reduction of its share capital in accordance with the applicable provisions of the Act, in which event the issued share capital of the Company shall be taken to be the amount of the issued share capital of the Company as altered (excluding any treasury shares that may be held by the Company from time to time);

Notice of Annual General Meeting

To the Members of China Sunsine Chemical Holdings Ltd.
(Company Registration No. 200609470N)
(Incorporated in the Republic of Singapore)

"**Relevant Period**" means the period commencing from the date on which the last annual general meeting of the Company was held or if no such meeting was held the date it was required by law to be held before the resolution authorising the Share Purchase Mandate is passed, and expiring on the date the next annual general meeting is held or is required by law to be held, whichever is earlier, after the date the resolution authorising the Share Purchase Mandate is passed;

"**Maximum Price**" in relation to a Share to be purchased or acquired, means an amount (excluding brokerage, commission, applicable goods and service tax, stamp duties and other related expenses) not exceeding:

(i) in the case of a Market Purchase, 105% of the Average Closing Price (as hereinafter defined) of the Shares;

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price (as hereinafter defined) of the Shares,

where:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) Market Days ("**Market Day**" being a day on which the SGX-ST is open for trading in securities), on which transactions in the Shares were recorded on the SGX-ST, immediately preceding the date of making the Market Purchase or, as the case may be, the date of the making of the offer (as defined below) pursuant to the Off-Market Purchase, and deemed to be adjusted in accordance with the rules of the SGX-ST, for any corporate action that occurs after the relevant five (5) day period;

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price determined on the foregoing basis) for each Share, and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they/he/she may consider expedient, necessary or to give effect to the transactions contemplated and/or authorized by this Share Purchase Mandate and/or this Ordinary Resolution."
[See Explanatory Note 6]

BY ORDER OF THE BOARD

TONG YIPING
HO CHEE TONG
Joint Company Secretaries

Singapore, 11 April 2016

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 Lim Heng Chong Benny will, upon re-election as a Director of the Company, remain as Independent Director, Chairman of the Nominating Committee and member of the Audit and Remuneration Committees, and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. There are no relationships (including immediate family relationships) between Mr Lim Heng Chong Benny and the other Directors, the Company or its 10% shareholders.

2. *Mr Tan Lye Heng Paul, who retires by rotation under Article 104 of the Company's Articles of Association, will not be seeking re-election as Director of the Company. Accordingly, Mr Tan Lye Heng Paul will relinquish his position as Lead Independent Director, Chairman of the Audit Committee and member of the Nominating and Remuneration Committees.

3. *Mr Xu Cheng Qiu, who is over the age of 70, was re-appointed as Director at the 2015 AGM to hold office from the 2015 AGM until this AGM pursuant to the then Section 153(6) of the Act, which was repealed with effect from 3 January 2016 when the Companies (Amendment) Act 2014 came into force on 3 January 2016. As his appointment lapses at this AGM, Mr Xu Cheng Qiu will have to be re-appointed to continue in office.

   Upon re-appointment at this AGM, Mr Xu Cheng Qiu will no longer be subject to Section 153(6) of the Act (as repealed), but will be subject to retirement by rotation under Article 104 of the Company's Articles of Association.

   Mr Xu Cheng Qiu will, upon re-appointment as a Director of the Company, remain as Executive Chairman of the Company. Mr Xu Cheng Qiu is the father of Mr Xu Jun, the Executive Director of the Company. Mr Xu Cheng Qiu is also deemed to be interested in the 63.08% shareholding in the Company owned by Success More Group Limited, by virtue of his controlling interest of 74.27% in Success More Group Limited. Save as disclosed, there are no relationships (including immediate family relationships) between Mr Xu Cheng Qiu and the other Directors, the Company or its 10% shareholders.

4. *Ms Xu Chun Hua, who is over the age of 70, was re-appointed as Director at the 2015 AGM to hold office with effect from the 2015 AGM until this AGM pursuant to the then Section 153(6) of the Act, which was repealed from 3 January 2016 when the Companies (Amendment) Act 2014 came into force on 3 January 2016. As her appointment lapses at this AGM, Ms Xu Chun Hua will have to be re-appointed to continue in office.

   Upon re-appointment at this AGM, Ms Xu Chun Hua will no longer be subject to Section 153(6) of the Act (as repealed), but will be subject to retirement by rotation under Article 104 of the Company's Articles of Association.

   Ms Xu Chun Hua will, upon re-appointment as a Director of the Company, remain as Independent Director, Chairman of the Remuneration Committee and member of the Audit and Nominating Committees, and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. There are no relationships (including immediate family relationships) between Ms Xu Chun Hua and the other Directors, the Company or its 10% shareholders.

5. The Ordinary Resolution 8 proposed in item 8 above, if passed, will authorise the Directors of the Company from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM 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 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.

   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 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.

6. The Ordinary Resolution 9 proposed in item 9 above, if passed, will renew the Share Purchase Mandate which authorises the Directors of the Company from the date of this AGM and continue to be in force until the date on which the next AGM is held or required by law to be held, or the date on which the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated, or the date on which the authority conferred by the Share Purchase Mandate is varied or revoked by the Company in a general meeting, whichever is earlier. Detailed information on the proposed renewal of the Share Purchase Mandate is set out in the Appendix to this Notice of AGM.

* Detailed information about these Directors can be found under "Board of Directors" and "Corporate Governance Report" in the Company's Annual Report for the financial year ended 31 December 2015.

Notice of Annual General Meeting

To the Members of China Sunsine Chemical Holdings Ltd.
(Company Registration No. 200609470N)
(Incorporated in the Republic of Singapore)

NOTES:

(i) A member of the Company who is not a relevant intermediary (as defined in Note (iii) below) shall be entitled to appoint not more than two proxies to attend, speak and vote at the AGM in his stead.

(ii) A member of the Company who is a relevant intermediary (as defined in Note (iii) below) is entitled to appoint more than two proxies to attend, speak and vote at the AGM in his stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him.

(iii) Pursuant to Section 181 of the Act, a "relevant intermediary" means:-

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

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

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

(iv) A proxy need not be a member of the Company. Where a member (other than a relevant intermediary) appoints more than one proxy, the proportion of the shareholding to be represented by each proxy shall be specified in the instrument appointing the proxies. 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 the instrument appointing the proxies as invalid.

(v) The instrument appointing a proxy or proxies must be under the hand of the appointer or by his attorney duly authorised in writing. Where the member is a corporation, the instrument appointing the proxy or proxies must be executed under its seal or the hand of its attorney or duly authorised officer.

(vi) The instrument appointing a proxy or proxies 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 AGM.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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 OF BOOK CLOSURE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 6 May 2016, for the purpose of determining shareholders' entitlement to the proposed final dividend, subject to the approval of the shareholders at the Annual General Meeting of the Company to be held on 27 April 2016.

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 80 Robinson Road, #02-00, Singapore 068898 up to 5.00 p.m. on 5 May 2016 will be registered to determine shareholders' entitlements to the proposed 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 5 May 2016, 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 20 May 2016.

CHINA SUNSINE CHEMICAL HOLDINGS LTD.
(Incorporated in the Republic of Singapore)

Proxy Form
Annual General Meeting

IMPORTANT:
1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see Notes 3 and 4).
2. For investors who have used their CPF monies to buy the Company's shares, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies or the appointment of their Agent Banks as proxies for the Annual General Meeting.

I/We, ______________________________ (Name)

of ______________________________ (Address)

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

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

and/or (delete as appropriate)

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

or failing him/her, the Chairman of the Meeting 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 Orchard Room, Level 4, Raffles City Convention Centre, 80 Bras Basah Road, Singapore 189560 on 27 April 2016 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions 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 determine on any other matter arising at the AGM.

No.	Resolutions relating to:	For*	Against*
1	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2015, together with the Independent Auditors' Report thereon		
2	Declaration of a final one-tier tax exempt ordinary dividend of 1 Singapore cent per ordinary share and a final one-tier tax exempt special dividend of 0.5 Singapore cent per ordinary share for the financial year ended 31 December 2015		
3	Re-election of Mr Lim Heng Chong Benny as a Director		
4	Re-appointment of Mr Xu Cheng Qiu as a Director		
5	Re-appointment of Ms Xu Chun Hua as a Director		
6	Approval of the payment of Directors' fees of S$180,000 for the financial year ended 31 December 2015		
7	Re-appointment of Messrs Nexia TS Public Accounting Corporation as the Company's Auditors, and to authorise the Directors to fix their remuneration		
8	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		
9	Renewal of Share Purchase Mandate		

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

Dated this ________ day of ________________ 2016

TOTAL NUMBER OF SHARES HELD IN :	
(a) CDP Register	
(b) Register of Members	

____

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

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Cap. 289), 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 proxy form will be deemed to relate to all the shares held by you.

2. A member of the Company who is not a relevant intermediary (as defined in Note (4) below) shall be entitled to appoint not more than two proxies to attend, speak and vote at the AGM in his stead.

3. A member of the Company who is a relevant intermediary (as defined in Note (4) below) is entitled to appoint more than two proxies to attend, speak and vote at the AGM in his stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him.

4. Pursuant to Section 181 of the Companies Act (Cap. 50), a "relevant intermediary" means:-

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

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

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

5. A proxy need not be a member of the Company. Where a member (other than a relevant intermediary) 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.

6. This Proxy Form must be under the hand of the appointer or by his attorney duly authorised in writing. Where the member is a corporation, the instrument appointing the proxy or proxies must be executed under its seal or the hand of its attorney or duly authorised officer.

7. This Proxy Form 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 AGM.

8. The Company shall be entitled to reject a 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 proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 11 April 2016.

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
E-mail: info@ChinaSunsine.com
Website: www.ChinaSunsine.com

China Main Offices
Shandong Sunsine Chemical Co., Ltd.
Shandong Shanxian Economic Development Zone
Shandong Province
Post Code: 274300
The People's Republic of China

Weifang Sunsine Chemical Co., Ltd.
Lingang Chemical Zone South Area
Weifang Binhai Economic Development Zone
Shandong Province
Post Code: 262737
The People's Republic of China

BOARD OF DIRECTORS
Xu Cheng Qiu *Executive Chairman*
Liu Jing Fu *Executive Director and CEO*
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*
Koh Choon Kong *Independent 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)*
Tong Yiping *ACCA CA (Singapore)*

BANKERS
China Construction Bank Corporation Heze/Shanxian/Weifang Branch
Agricultural Bank of China Shanxian/Weifang Branch
Bank of China Shanxian Branch
Industrial and Commercial Bank of China Shanxian Branch
Postal Savings Bank of China Shanxian Branch
Standard Chartered Bank
The Hong Kong and Shanghai Banking Corporation Limited

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

INDEPENDENT AUDITORS
Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants
100 Beach Road Shaw Tower, #30-00
Singapore 189702
Tel: +65 6534 5700
Fax: +65 6534 5766

Director-in-charge:
Chin Chee Choon
(Appointed since financial year ended 31 December 2012)

OUR DISTINGUISHED CLIENTS

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

尚舜化工
SUNSINE

CHINA SUNSINE CHEMICAL HOLDINGS LTD

(Incorporated in the Republic of Singapore on 28 June 2006)
(Company Registration Number: 200609470N)
112 Robinson Road #12-04
Singapore 068902
Tel: +65 6220 9070
Fax: +65 6223 9177
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