Striving for Sustainable Growth

Annual Report 2016

尚舜化工
SUNSINE

CHINA SUNSINE CHEMICAL HOLDINGS LTD.

Contents

Corporate Profile

China Sunsine Chemical Holdings Ltd. ("China Sunsine") is a leading specialty rubber chemicals producer. It is the largest producer of rubber accelerators in the world and the largest producer of insoluble sulphur in the People's Republic of China ("PRC").

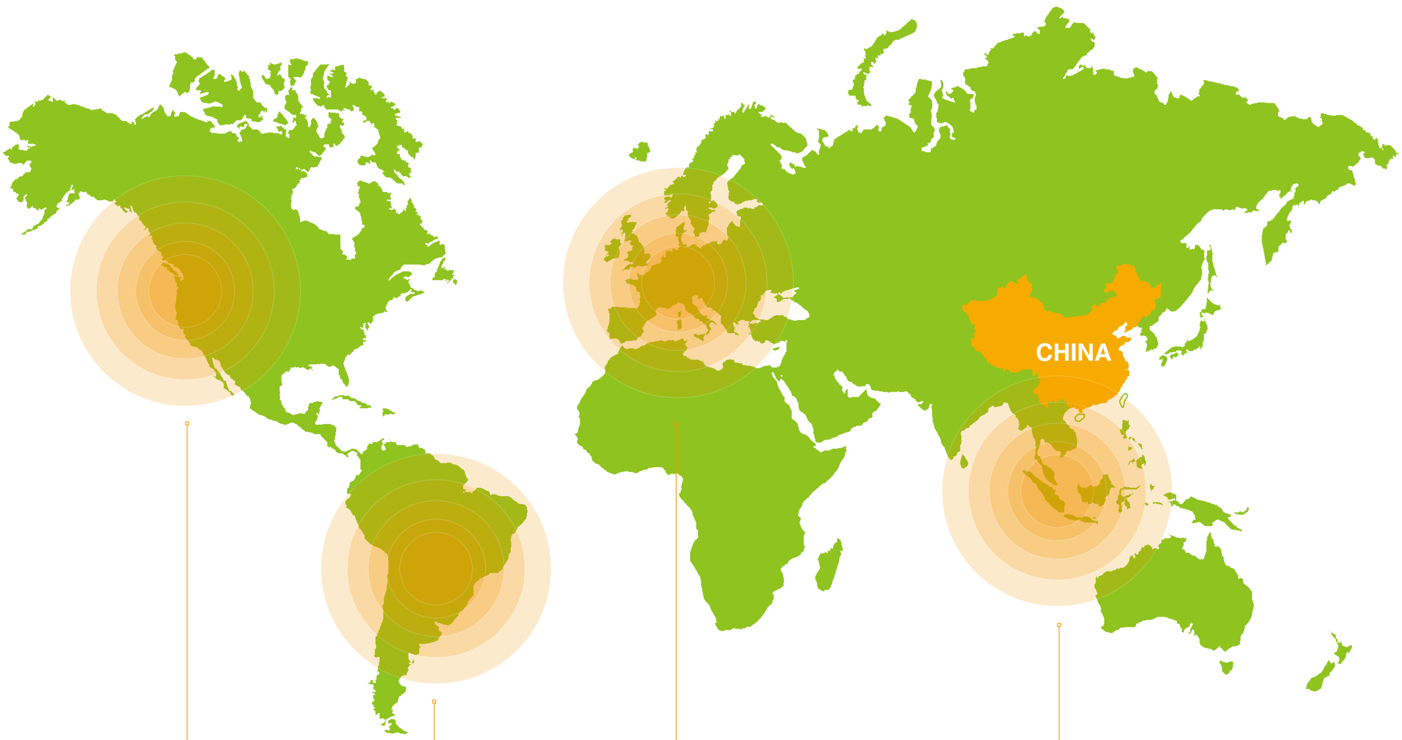
Our production facilities are located at Shanxian, Weifang and Dingtao in Shandong Province, the PRC. Our total production capacity is currently 152,000 tons per annum, and will be reaching 172,000 tons per annum by the end of 2017, comprising 97,000 tons of rubber accelerators, 30,000 tons of insoluble sulphur and 45,000 tons of anti-oxidant. We also have a centralised heating plant at Shanxian which generates steam and electricity.

Our products are sold under the "Sunsine" brand (accredited as "Shandong Province Famous Brand"). Our customers are mainly the tire companies which rely on the automobile industry. We have over 1,000 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 etc.

As a chemicals producer serving its global customers, China Sunsine continuously improves its manufacturing and environmental protection capabilities. We have achieved GB/T19001-2008/ISO9001:2008 standard for quality, GB/T24001-2004/ ISO14001:2004 standard for environment, and GB/T28001-2011 /OHSAS18001:2007 standard for occupational health and safety management system.

China Sunsine is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (SGX-ST) since 5 July 2007.

Global Markets



SOUTH AMERICA
(Argentina, Brazil, Chile, and Peru)

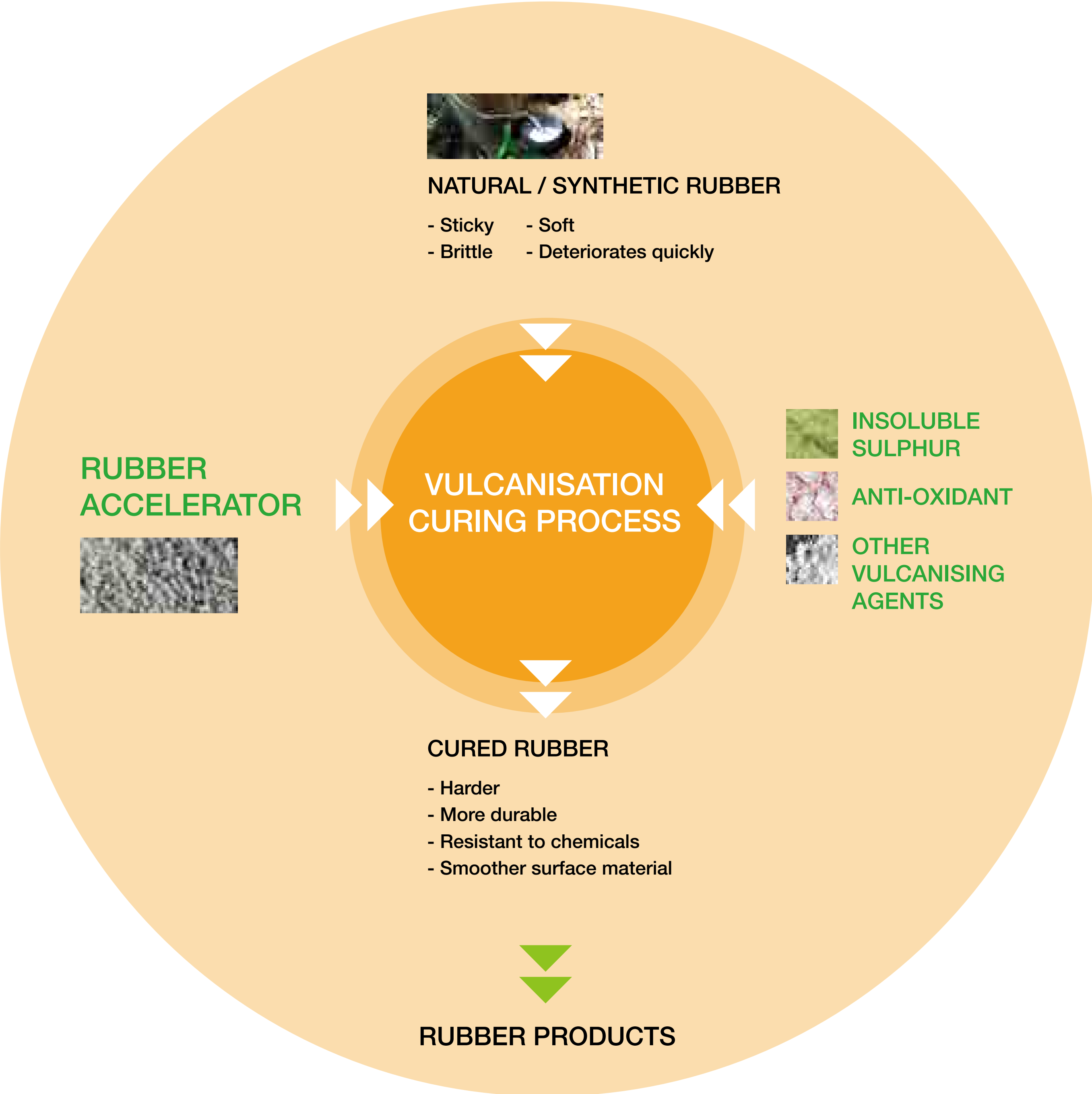
ASIA-PACIFIC
(India, Korea, Japan, Malaysia, Thailand, Indonesia, Vietnam, Australia and New Zealand)

NORTH AMERICA

EUROPE
(Italy, Germany, France, Netherlands, Spain, Poland, Hungary, Russia and Slovak)

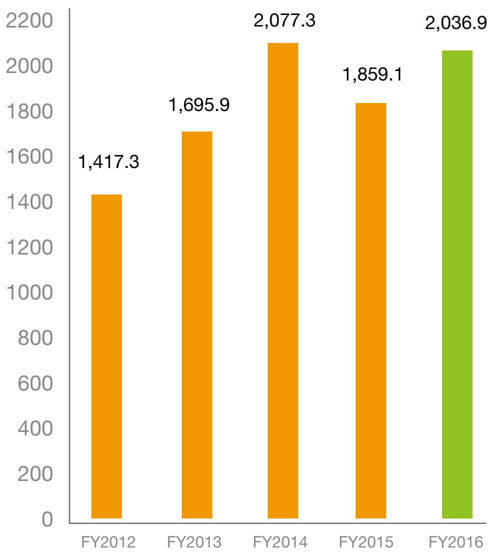
Superior Products We Offer

Essential for tires and other rubber-related products

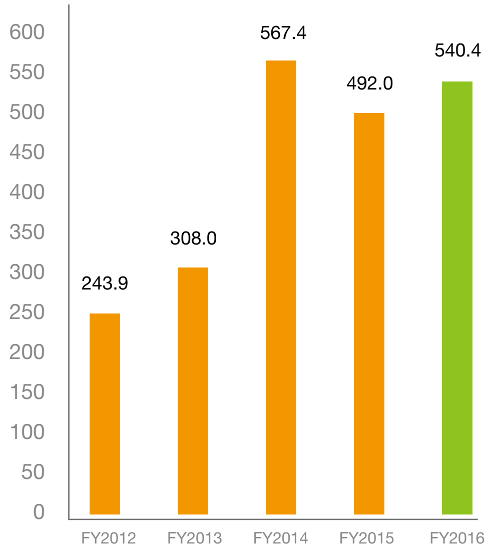


Financial Highlights

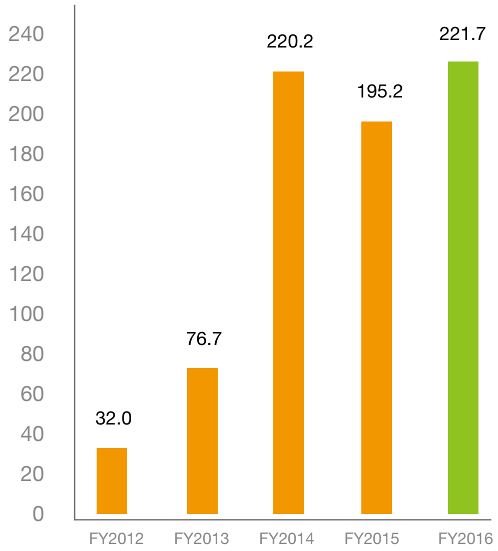
Revenue
RMB' million



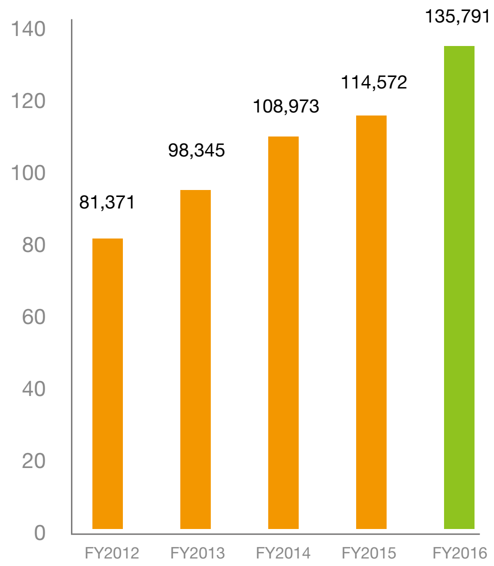
Gross Profit
RMB' million



Net Profit
RMB' million



Sales Volume
Tons



Financial Highlights

	2016	2015 restated	2014	2013	2012
As At 31 December (RMB' million)					
Total Assets	**1,642.5**	**1,585.9**	1,638.1	1,286.8	1,126.0
Total Liability	**280.9**	**410.6**	626.9	473.4	365.0
Shareholders' Equity	**1,361.6**	**1,175.3**	1,011.2	813.4	761.0
Cash and Cash Equivalent	**275.9**	**341.3**	122.8	107.8	115.3
Bank Borrowings	**-**	**144.9**	258.0	230.0	200.0
Treasury Shares	**31.4**	**28.2**	28.2	28.2	28.2
No of Shares ('million)					
No of Ordinary Shares	**464.0**	**465.5**	465.5	465.5	465.5
No of Treasury Shares	**27.7**	**26.2**	26.2	26.2	26.2
For the Year (RMB'million)					
Revenue	**2,036.9**	**1,859.1**	2,077.3	1,695.9	1,417.3
Gross Profit	**540.4**	**492.0**	567.4	308.0	243.9
Net Profit After Tax	**221.7**	**195.2**	220.2	76.7	32.0
Earnings before interest, tax, depreciation & amortisation (EBITDA)	**407.4**	**390.6**	406.8	206.7	132.0
Sales Volume (tons)					
Total Volume	**135,791**	**114,572**	108,973	98,345	81,371
Accelerator	**82,767**	**76,090**	76,089	72,710	64,252
Insoluble sulphur	**20,031**	**15,417**	12,102	11,948	10,724
Antioxidants	**31,214**	**21,640**	19,903	12,281	5,183
Others	**1,779**	**1,425**	879	1,406	1,212
Financial Analysis					
Gross Profit Margin (%)	**26.5%**	**26.5%**	27.3%	18.2%	17.2%
Net Profit Margin (%)	**10.9%**	**10.5%**	10.6%	4.5%	2.3%
EBITDA Margin (%)	**20.0%**	**21.0%**	19.6%	12.2%	11.1%
Current Ratio	**3.7**	**2.4**	1.7	1.7	1.9
Average YTD Trade Receivables Turnover(Days)	**66**	**70**	61	62	67
Average YTD Trade Payables Turnover (Days)	**12**	**12**	11	10	9
Average YTD Inventory Turnover (Days)	**35**	**41**	38	38	45
Return on Equity (%)	**16.3%**	**16.6%**	21.8%	9.4%	4.2%
Return on Asset (%)	**13.5%**	**12.3%**	13.4%	6.0%	2.8%
Gearing Ratio	**-**	**0.12**	0.26	0.28	0.26
Per Share Data					
NAV per Share (RMB cents)	**293.4**	**252.5**	217.2	174.7	163.5
EPS (RMB cents)	**47.66**	**41.93**	47.31	16.49	6.85
Dividend Per Share (SGD cents)	**1.5**	**1.5**	1.5	1.0	1.0

Chairman's Statement

"I am pleased that the Group has achieved record net profit for FY2016, despite operating in a challenging environment. The Group was able to deliver an outstanding scorecard and stand out from the intense competition, which demonstrate the Group's solid all-round strengths, including successfully implementing stringent environmental protection measures over the years."

DEAR SHAREHOLDERS,

On behalf of the Board of Directors of China Sunsine Chemical Holdings Ltd. ("China Sunsine", together with its subsidiaries, collectively the "Group"), I am pleased to report that China Sunsine has produced a resounding performance for the financial year ended 31 December 2016 ("FY2016").

NEW RECORD PROFIT YEAR

FY2016 was a challenging year due to the uncertainty of the global economic environment and China's GDP experiencing the lowest growth rate since 2009. We continue to operate in an industry which is tightly regulated by very stringent environmental protection laws in China, and are subject to volatile raw material costs and intense competition. Despite these challenges, the Group was still able to deliver an outstanding scorecard and stand out from the intense competition, which demonstrate the Group's solid all-round strengths, including successfully implementing stringent environmental protection measures over the years.

Our brand name is widely known and accepted by our customers. In 2016, the Company's main subsidiary, Shandong Sunsine Chemical Co., Ltd, was listed in the First Batch of the National Champion Manufacturing Enterprises by the Ministry of Industry and Information Technology of the PRC. This has resulted in greater awareness and influence of our brand name in China.

During the year, the Group achieved a new record net profit of RMB221.7 million. This was due to the adoption of our strategy – higher production leads to higher sales volume, and higher sales volume stimulates higher production, thereby achieving equilibrium in production and sales volume. Underpinned by our strong brand name and environmental protection measures, our sales volume in FY2016 reached a new record high.

In FY2016, we did very well in all aspects. The Group's revenue rose 10% to RMB2,036.9 million from the previous year, largely due to the increase in both overall average selling price ("ASP") and sales volume. ASP for all products increased by 3%, whilst total sales volume grew 19% year-on-year to another record high of 135,791 tons. This was the 8th consecutive year of sales volume growth since IPO in 2007. The gross profit grew 10% to RMB540.4 million, while the overall gross profit margin ("GPM") for FY2016 remained the same as the previous year at 26.5%.

The Group's earnings per share in FY2016 was RMB47.66 cents and net assets value per share was RMB293.42 as at 31 December

Chairman's Statement

2016. Our balance sheet is healthy and strong, with net cash of RMB275.9 million and zero bank loans (the Group having repaid all outstanding bank loans in FY2016).

The Group has over 1,000 customers, and continues to serve 65% of the world's top 75 tire-makers. Our accelerators' market share continued to grow to 31% in the PRC and 18% in the global market. In 2016, China's auto sales ranked No. 1 in the world for 8 consecutive years as it continued to grow with a 13.7% year-on-year growth to a record high of 28.03 million units in 2016 (source: China Association of Automobile Manufacturers). Being the world's largest auto market and with the increasing purchasing power of the Chinese population, we believe China's auto market will remain robust over the next few years.

ORGANIC GROWTH DRIVEN BY DEMAND

To cope with the rising demand for rubber accelerator TBBS due to the increase in production of radial tires, the Group has started construction of a 30,000-ton annual capacity plant in Shanxian, to be split into 2 phases. The construction and installation of machineries for the Phase I, 10,000-ton TBBS production line was completed at the end of 2016, and we expect the commercial production to commence in the second half of 2017.

Another 10,000-ton production line of Insoluble Sulphur will also be added to our Dingtao plant by end of 2017, boosting our total capacity of Insoluble Sulphur to 30,000-ton per annum.

In addition, Guangshun heating plant has started its expansion to add one boiler and one electricity generator in order to cope with the higher demand for steam.

Through expanding our production capacity, we will further strengthen our market leadership position.

LOOKING FORWARD

The Group expects the current year to remain challenging.

China's economy will continue to experience a slower growth rate, the global economic situation has become even more uncertain, and international crude oil prices have remained volatile, which may result in the fluctuation of our raw material prices and consequently, our gross profit margin may come under pressure.

In China, safety and environmental protection regulations are getting more and more stringent. The Group will continue to invest further in safety and environmental protection, and will step up technological innovation to achieve sustainable growth.

The Group remains confident of its performance and outlook for the future.

PROPOSED DIVIDEND

In consideration of the Group's FY2016 results, the Board of Directors has recommended a total dividend of 1.5 Singapore cents per share (same as FY2015). 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 cents per share, subject to shareholders' approval at the forthcoming Annual General Meeting.

ACKNOWLEGEMENTS

In July this year, we will celebrate the 10th anniversary of our listing on the SGX-ST. Our fast growth over these years would not have been possible without the generous support from various parties. On behalf of the Board, I wish to express my sincere gratitude to our customers, business partners and suppliers for their continued support. I also would like to thank all of my fellow directors, management and staff for their ongoing dedication and commitment to the operations of the Group itself. Their drive and professionalism provide a strong foundation for our continued success.

Last but not least, I would like to thank you, our faithful shareholders, for being with us, and for your continuous support and confidence in us. I am confident that we are well-positioned to write our next growth story and create even more value through long-term sustainable growth.

Xu Cheng Qiu
Executive Chairman
April 2017

主席致辞

“我很高兴，虽然面临严峻的市场环境，集团在2016财年的净利润再创新高。集团能够取得亮丽的成绩并在激烈的竞争环境中脱颖而出，显示了集团强大的综合实力，包括集团这么多年来对环保的重视和实施严格的环保措施。”

尊敬的股东们,

我代表中国尚舜化工控股有限公司（“中国尚舜”，连同其子公司合称“集团”）董事会，很高兴地向大家汇报，集团继续在截至2016年12月31日的财政年度（“2016财年”）取得骄人的业绩。

净利创新高

由于全球经济的不确定性和中国经济增速放缓（为自2009年以来增速最低的一年），2016财年对集团来说是充满挑战的一年。我们所处的行业继续面临中国严峻的环保形势、原材料价格大幅波动以及市场竞争激烈等不利因素。然而，集团在这个严峻的大环境下，仍然在激烈的竞争市场中脱颖而出并且交出漂亮的成绩单，这显示了集团强大的综合实力，包括这么多年来集团对环保的重视和实施严格的环保措施。

我们的品牌得到了广泛的认可。2016年，公司的中国主要子公司，山东尚舜化工有限公司，被中国国家工信部授予首批制造业单项冠军示范企业，集团的品牌在中国的知名度和影响力大大提升。

集团2016财年的净利润创下了历史新高，达人民币2.217亿元。这主要归功于我集团实施以产促销，以销促产的产销平衡策略。借助于品牌及环保优势，集团2016财年销售数量再创新高。

整体来说，2016财年各个方面都表现得都非常出色。集团的营业收入与上一年度相比增加了10%，至人民币20.369亿元，这主要是因为平均销售价格和销售数量都有所提高。集团的平均销售价格比一年前提高了3%；同时，销售数量与上一年相比提高19%，再创新高达135,791吨，这是集团自2007年上市以来连续八年保持增长。毛利润也增长了10%，达人民币5.404亿元；同时，总体毛利率与去年持平，维持在26.5%。

集团2016财年的每股净利为人民币47.66分；截至2016年12月31日每股净资产为人民币293.42分。集团的财务状况非常健康，净现金达人民币2.759亿元，无任何银行贷款（集团在2016财年已经偿还完全部银行贷款）。

集团的客户已超过1000家，并继续服务65%的全球75强轮胎企业。我们的促进剂产品在中国和全球所占的市场份额分别提高至31%和18%。

根据《中国汽车工业协会》的统计，中国2016年汽车销量持续强劲增长，同比增长13.7%，达到2803万辆，连续8年世界排名第一。作为全球最大的汽车市场，随着人民消费水平的提高，我们相信中国的汽车市场在未来几年仍然会保持增长势头。

顺势而为 稳定发展

由于子午轮胎产量增长，对促进剂TBBS的需求也大大提升，集团顺应这一形势，已在单县上马扩建三万吨的TBBS产能项目，分两期进行。第一期一万吨产能的土建及设备安装已在2016年底完成，预计2017年下半年可以开始正式运行。

定陶工厂在2017年底也将增加一条年产一万吨的不溶性硫磺生产线，这使得集团不溶性硫磺的总产能达三万吨。

另外，广舜热力也开始扩产，将增加一台锅炉和一套发电机组，以满足蒸汽用量增长的需求。

通过扩大产能，我们将能够进一步地稳定和巩固我们的市场领先地位。

今后展望

集团预计今年的形势仍然严峻。中国的经济很可能继续放缓，全球经济的不确定性仍然存在。国际油价的不稳定导致原材料价格也持续波动，因此，我们的毛利率也将会受到一定的压力。

在中国，安全和环保的要求日趋严格。集团将进一步加强安全环保投入，加强技术升级改造，推动企业的可持续发展。

集团对今后的业绩表现和前景展望充满信心。

股息建议

综合考虑集团2016财年的业绩，董事会建议派发总共每股新币1.5分的股息（与2015财年相同）。这包括每股新币1分的年终一次性免税普通股息，以及每股新币0.5分的一次性免税特别股息。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

今年，是集团在新加坡交易所主板上市十周年。集团这几年快速的发展离不开社会各界的支持。在此，我代表董事会，对我们的客户、商业伙伴和供应商表示衷心的感谢！同时，我也要感谢我的董事会同仁，以及公司管理层及员工的不懈的努力和付出，你们敬业的态度和专业的能力是集团发展壮大的坚强后盾。

最后，我要感谢公司的全体股东，感谢你们的陪伴以及对公司的信任和支持。我相信集团现在已经奠定了坚实的基础，通过实现长期的、可持续的发展，为股东创造更大的价值。

徐承秋
执行主席
2017年4月

Operations & Financial Review

OUR FINANCIAL PERFORMANCE IN FY2016

Despite the PRC economy growing at a slower pace, more stringent safety and environmental protection requirements in the PRC, and the fluctuation of international crude oil prices and major raw materials prices, the Group has achieved a stellar set of results in FY2016.

Sales volume of rubber chemicals for FY2016 achieved a new record high of 135,791 tons, a 19% increase as compared to the sales volume of FY2015. Revenue in FY2016 also increased by 9% to RMB 2,030.9 million from RMB 1,854.9 million in FY2015. However, the overall average selling price (ASP) for rubber chemicals decreased by 8% to RMB 14,956 per ton as compared to RMB 16,190 per ton in FY2015, as a result of the Group's focus on growing sales volume and increasing market share in a competitive environment.

ANALYSIS OF SALES AND VOLUME

	SALES VOLUME (TONS)			SALES (RMB' MILLION)		
	FY2016	**FY2015**	**Change**	**FY2016**	**FY2015**	**Change**
Rubber Chemicals						
Accelerators	82,767	76,090	9%	1,469.3	1,405.1	5%
Insoluble Sulphur	20,031	15,417	30%	192.3	152.7	26%
Anti-oxidant	31,214	21,640	44%	339.9	271.9	25%
Others	1,779	1,425	25%	29.4	25.2	17%
Total	**135,791**	**114,572**	**19%**	**2,030.9**	**1,854.9**	**9%**
Domestic Sales	91,728	78,226	17%	1,266.0	1,170.9	8%
International Sales	44,063	36,346	21%	764.9	684.0	12%
Heating Power	30,311	25,180	20%	4.8	4.2	14%
Hotel & Restaurant		-	n.m.	1.2	-	n.m.

n.m. – not meaningful

Operations & Financial Review

During the year, total sales volume increased by 19% or 21,219 tons from 114,572 tons in FY2015 to 135,791 tons in FY2016 due mainly to the following reasons: (i) the automobile and tire industry in PRC expanded further in FY2016; (ii) some of our competitors failed to comply with the increasingly stringent environmental protection measures implemented by the PRC government, which affected their productions and resulted in more orders being directed to us; and (iii) the Group's Insoluble Sulphur and Anti-oxidant products were increasingly recognised by the market. Both our domestic and international sales volume increased as a result.

Gross profit increased by 10% or RMB 48.4 million from RMB 492.0 million in FY2015 to RMB 540.4 million in FY2016 due mainly to more sales revenue being generated. Average Gross Profit Margin (GPM) remained flat at 26.5% in both FY2016 and FY2015.

Other operating income and gains decreased by RMB 20.0 million from a total of RMB 38.6 million in FY2015 to a total of RMB 18.7 million in FY2016 due mainly to: (i) gain on reversal of long aged payables of RMB 15.2 million in FY2015; and (ii) recognition of a gain from bargain purchase on acquisition of a subsidiary corporation of RMB 7.1 million in FY2015.

Selling and distribution expenses increased by 8% or RMB 5.2 million from RMB 67.9 million in FY2015 to RMB 73.1 million in FY2016 due mainly to higher freight cost and port charges as a result of higher volume of sales.

Administrative expenses increased by 4% or RMB 7.3 million from RMB 164.9 million in FY2015 to RMB 172.2 million in FY2016, due mainly to (i) higher staff incentive and welfare by RMB 6.2 million, higher social insurance by RMB 3.0 million, higher depreciation and amortization by RMB 2.0 million, higher Safety Production cost by RMB 2.4 million, higher sewerage charge by RMB 2.0 million, and higher other miscellaneous expenses by RMB 5.0 million; offset by (ii) impairment for trade receivables recorded in FY2015 of RMB 10.6 million, as opposed to a reversal of RMB 2.7 million in FY2016. The net impact was a decrease in administrative expenses of RMB 13.3 million.

Finance cost decreased by 58% from RMB 10.4 million in FY2015 to RMB 4.4 million in FY2016 as the Group gradually repaid all outstanding bank loans during the year.

Profit before tax (PBT) increased by 8% or RMB 22.0 million from RMB 287.5 million in FY2015 to RMB 309.5 million in FY2015 while Net profit attributable to shareholders increased by 14% or RMB 26.5 million from RMB 195.2 million in FY2015 to RMB 221.7 million in FY2016 mainly due to the increase in revenue.

FINANCIAL POSITION REVIEW

Property, plant and equipment decreased by RMB 13.4 million from RMB 562.8 million in FY2015 to RMB 549.4 million in FY2016 mainly due to depreciation charged offset by additions to construction in progress and property, plant and equipment.

Inventories increased by RMB 3.9 million from RMB 141.5 million in FY2015 to RMB 145.4 million in FY2016 due mainly to the increase in the cost of raw materials, as a result of increased raw material prices. The increase is partially offset by the decrease in finished goods as the Group sold more products in FY2016.

Trade receivables increased by RMB 134 million from RMB 413.5 million in FY2015 to RMB 547.5 million in FY2016 due mainly to the increase in notes receivables which are not due for redemption at the end of December 2016. Trade receivables included notes

Operations & Financial Review

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. As at 31 December 2016 and 31 December 2015, the notes receivables were RMB 150.2 million and RMB 72.3 million, respectively. Excluding the notes receivables, the trade receivables from trade debtors would have increased by RMB 56.1 million from RMB 341.2 million to RMB 397.3 million. This increase was mainly due to higher sales in 4Q2016 as compared to 4Q2015.

Trade payables increased by RMB 9.2 million from RMB 43.0 million in FY2015 to RMB 52.2 million in FY2016 due mainly to the increase in prices of raw materials purchased at the end of 2016.

Other payables increased by RMB 3.1 million from RMB 167.3 million in FY2015 to RMB 170.4 million in FY2016 due mainly to accruals being provided for in relation to operating expenses.

Bank loans decreased by RMB 144.9 million due to repayment made during the year and no new borrowings obtained in FY2016.

CASH FLOW REVIEW

	FY2016 RMB' MILLION	FY2015 RMB' MILLION	CHANGE RMB' MILLION
Cash generated from operating activities	202.9	430.1	(227.2)
Cash used in investing activities	(79.6)	(49.4)	(30.2)
Cash used in financing activities	(188.6)	(151.9)	(36.7)
Net (decrease)/increase in cash and cash equivalents	(65.3)	228.8	(294.1)
Cash and bank balances at end of year per consolidated statement of cash flows	274.2	339.5	(65.3)

Operations & Financial Review

Net cash generated from operating activities decreased by RMB 227.2 million from RMB 430.1 million in FY2015 to RMB 202.9 million in FY2016 due mainly to higher trade and other receivables.

Net cash used in investing activities increased by RMB 30.2 million from RMB 49.4 million in FY2015 to RMB 79.6 million in FY2016 due mainly to more additions to construction in progress and property, plant and equipment as the Group carried out new expansion projects during FY2016.

Net cash used in financing activities increased by RMB 36.7 million from RMB 151.9 million in FY2015 to RMB 188.6 million in FY2016 due mainly to repayment of bank loans and purchase of treasury shares during FY2016.

EXPANSION PROJECTS

The construction and installation of machineries for our Phase 1, 10,000-ton TBBS production line was completed at the end of FY2016, and the machineries are undergoing testing before the production trial run, which is scheduled to commence in 2QFY2017.

The Group is also expanding its Insoluble Sulphur ("IS") capacity by adding on one 10,000-ton production line in its Ding Tao factory. The new 10,000-ton IS production line will cost less than RMB 50 million, and is expected to be completed by 3QFY2017.

In addition, one of the Group's subsidiaries, Shanxian Guangshun Heating Co., Ltd, has started its expansion plan to add one boiler and one electricity generator, in order to cope with the higher demand for steam. The budget for the expansion is RMB 100 million, and it is expected to be completed by end of FY2017.

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

Tons	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017e
Accelerators	66,500	70,500	87,000	87,000	87,000	97,000
Insoluble Sulphur	10,000	20,000	20,000	20,000	20,000	30,000
Anti-oxidant	25,000	25,000	45,000	45,000	45,000	45,000
Total	**101,500**	**115,500**	**152,000**	**152,000**	**152,000**	**172,000**

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

Group Structure

尚舜化工
SUNSINE

100%
Shandong Sunsine Chemical Co., Ltd.
(Shanxian, Shandong, PRC)

100%
Weifang Sunsine Chemical Co., Ltd.
(Weifang, Shandong, PRC)

100%
Shandong Sheng Tao Chemical Co., Ltd.
(Dingtao, Shandong, PRC)

100%
Shanxian Sunsine Hotel Management Co., Ltd. (Shanxian, Shandong, PRC)

100%
Shanxian Guangshun Heating Co., Ltd.
(Shanxian, Shandong, PRC)

100%
Shandong Fulong Villa Co., Ltd
(Shanxian, Shandong, PRC)

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 Groups 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 Cheng Qiu, 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 to 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. He is responsible for overseeing the management and operations of our China subsidiaries. He joined the production departments of Shanxian Sunsine in March 1999 and became Deputy General Manager in 2003. He managed 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

LIM HENG CHONG BENNY

XU CHUN HUA

KOH CHOON KONG

LIM HENG CHONG BENNY

Lead Independent Director

LIM HENG CHONG BENNY is our Lead Independent Director. Mr Lim has been in legal practice for more than 20 years, and is presently a partner at Chris Chong & CT 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 holds a Bachelor of Laws and a Master of Laws, both from the National University of Singapore.

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 was the Principal of Qingdao Rubber Tyre EngineeringUniversity. 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 is part of the management team of the largest independent power producer (IPP) in Bangladesh, Summit Power International Pte Ltd. Mr Koh served as Group CFO of several SGX-listed corporations and worked in diverse organisations including Citicorp Investment Bank (Singapore) Limited, EtonHouse International, ICH Capital and Price Waterhouse. He 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 XIAN LEI


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's 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 in 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 XIAN LEI

First Deputy General Manager

Mr Xu was appointed as Group's First Deputy General Manager in March 2017, assisting our Executive Director cum General Manager of Shandong Sunsine, Mr Ma Ying Qun, on the day-to-day operation of the China subsidiaries. Prior to that, he was Deputy General Manager of Shandong Sunsine, responsible for the finance operation of Shandong Sunsine, as well as monitoring the inventory process. Mr Xu graduated from Renmin University of China, majored in Business Administration. He has more than 13 years of experience in production, finance and management.

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 tire makers such as SayuTyre and SanheTyre. He was graduated from South China University of Technology and obtained Bachelor degree 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 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 was 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 was 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 30 years of working experiences 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

<u>The Board's Conduct of Affairs</u>

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 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.

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.

Corporate Governance Report

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 Constitution of the Company. The number of Board and Board committee meetings held for the period 1 January 2016 to 31 December 2016, 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 out of 4	N.A.	N.A.	N.A.
Liu Jing Fu	4 out of 4	N.A	N.A.	N.A.
Xu Jun	4 out of 4	N.A.	N.A.	N.A.
Ma Ying Qun	4 out of 4	N.A.	N.A.	N.A.
Tan Lye Heng Paul(1)	2 out of 2	2 out of 2	1 out of 1	1 out of 1
Lim Heng Chong Benny	4 out of 4	4 out of 4	1 out of 1	1 out of 1
Xu Chun Hua	4 out of 4	4 out of 4	1 out of 1	1 out of 1
Koh Choon Kong(2)	4 out of 4	4 out of 4	N.A.	N.A.

Notes:

(1) Mr Tan Lye Heng Paul stepped down as a Lead Independent Director, Chairman of the AC, and a Member of the NC and the RC on 27 April 2016.

(2) Mr Koh Choon Kong was appointed as a Member of the NC and the RC on 27 April 2016. The NC and the RC meetings were held in February 2016.

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 the financial year ended 31 December 2016 ("**FY2016**"). 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 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 judgment 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 7 directors, of whom 3 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	–	–	–
Lim Heng Chong Benny	Lead Independent Director	Member	Chairman	Member
Xu Chun Hua	Independent Director	Member	Member	Chairman
Koh Choon Kong	Independent Director	Chairman	Member	Member

Note: Mr Tan Lye Heng Paul stepped down as Lead Independent Director, Chairman of the AC, and a Member of the NC and the RC at the Annual General Meeting of the Company held on 27 April 2016.

The present composition of the Board complies with Guideline 2.1 of the Code that the independent directors should make up at least one-third of the Board. However, as the Chairman is part of the management team and is not an independent director, the Board is aware that the Company should also comply with Guideline 2.2 of the Code which provides that independent directors should make up at least half of the Board. In this regard, the Monetary Authority of Singapore has granted a longer transition period of five years for listed companies to comply with Guideline 2.2 of the Code, which is by their Annual General Meeting ("**AGM**") following the end of their financial years commencing on or after 1 May 2016. Accordingly, the Company is reviewing its present Board composition so as to work towards complying with Guideline 2.2 of the Code by its AGM held in respect of the financial year ending 31 December 2017.

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.

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 Mr Lim Heng Chong Benny and Ms Xu Chun Hua were first appointed on 18 May 2007, and accordingly have served on the Board beyond 9 years from the date of their first appointment.

Corporate Governance Report

The NC carried out the aforesaid review on the independence of each Independent Director in February 2017 (with each Independent Director abstaining from deliberation in respect of the review of his/her independence) based on the respective Independent Directors' self-declaration of interest in the Company and its related corporations, and his/her confirmation of independence and non-conflict of interest. In particular, the NC also took into account the actual performance of Mr Lim Heng Chong Benny and Ms Xu Chun Hua on the Board and Board committees, and their Individual Director Self-assessment of their contributions to the effectiveness of the Board, and was of the view that each of them has at all times exercised independent judgment in the best interests of the Company in the discharge of his/her director's duties and should therefore continue to be deemed an Independent Director, notwithstanding that they have served more than 9 years on the Board.

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 strategy 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 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, objectively scrutinised and challenged Management, and ask tough strategic and operational questions.

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.

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 Management on all operational matters.

Corporate Governance Report

Mr Liu Jing Fu is the CEO and Executive Director of the Company. He is not an immediate family member of the Executive Chairman, Mr Xu Cheng Qiu. 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 Lim Heng Chong Benny 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.

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
Koh Choon Kong	–	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 Lim Heng Chong Benny, Mr Koh Choon Kong and Ms Xu Chun Hua are independent.

Corporate Governance Report

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

As recommended by the Code, the Board has also adopted a maximum limit that each Director should hold not more than 5 listed company board representations to address competing time commitments when Directors serve on multiple boards. 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.

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 Constitution, 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 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 Xu Jun and Mr Ma Ying Qun who will be retiring by rotation under Article 104 of the Constitution of the Company at the forthcoming AGM.

Mr Xu Jun is the son of Mr Xu Cheng Qiu, the Executive Chairman of the Company, who is deemed to be interested in the 63.28% shareholding (excluding shares held in treasury) in the Company owned by Success More Group Limited, by virtue of the latter's controlling interest of 74.27% in Success More Group Limited.

Save as disclosed above, the directors who are seeking re-election 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 at the forthcoming AGM.

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

(a)	pages 14 – 15	–	Academic and professional qualifications;
(b)	page 35	–	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 39 – 40	–	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.

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 by rotation at the next AGM, and in determining whether directors with multiple board representations are nevertheless able to and have adequately discharged their duties as directors of the Company.

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

Corporate Governance Report

Evaluation processes

(a) *Board 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.

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 Secretaries to facilitate direct, separate and independent access to senior management and the Company Secretaries.

Corporate Governance Report

The Company Secretaries administer, attend and prepare minutes of Board proceedings. They assist 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. They also assist 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 Secretaries 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
Koh Choon Kong	–	Member
Lim Heng Chong Benny	–	Member

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

(a) to review and recommend to the Board for endorsement a framework of remuneration for the Executive Chairman, 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.

Corporate Governance Report

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 well as the costs of living in the cities the Company operates in. 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.

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.

The Company has not adopted the use of contractual provisions to allow the Company to reclaim incentive components of remuneration from its Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group. The Company will review the feasibility of having such contractual provisions in future renewals of service agreements and/or employment contracts of its Executive Directors and key management personnel as recommended by the Code.

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 AGM.

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.

Corporate Governance Report

Level and mix of remuneration of the directors, key management personnel (who are not also directors or the CEO) for FY2016

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 FY2016, are set out as follows:

Name of Directors and CEO	Salary	Bonus	Director's fees	Other benefits	Total Remuneration	
	%	%	%	%	%	S$'000
Xu Cheng Qiu	13	87	–	–	100	3,161
Liu Jing Fu	98	2	–	–	100	113
Xu Jun	98	2	–	–	100	89
Ma Ying Qun	97	2	–	1	100	109
Tan Lye Heng Paul(1)	–	–	100	–	100	13
Lim Heng Chong Benny	–	–	100	–	100	45
Xu Chun Hua	–	–	100	–	100	45
Koh Choon Kong	–	–	100	–	100	40

Remuneration Band & Name of Executive Officers	Salary	Bonus	Other benefits	Total
	%	%	%	%
Below S$250,000				
Tong Yiping	78	13	9	100
Xu Yu Fu	96	2	2	100
Miao Jing(2)	94	3	3	100
Liu De Ming(3)	93	3	4	100
Ma Yue Bin	94	3	3	100

Notes:

(1) Mr Tan Lye Heng Paul stepped down as Lead Independent Director, Chairman of the AC, and a Member of the NC and the RC at the AGM of the Company held on 27 April 2016.

(2) Mdm Miao Jing was appointed as Chief Engineer in charge of the Group's R&D and Quality Assurance function on 15 March 2016.

(3) Mr Liu De Ming was promoted to Group Deputy General Manager and concurrently appointed as General Manager of the Group's subsidiary – Weifang Sunsine Chemical Co., Ltd on 15 March 2016.

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 FY2016 is S$461,000.

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 FY2016. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister or parent.

The Company has no share option plans for FY2016. Accordingly, no share option has been granted to the above directors or key management personnel.

Corporate Governance Report

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.

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.

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. Management also reviews all significant control policies and procedures and highlights all significant matters to the Board. The Board oversees 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 ("**CFO**")), 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 (Singapore) Pte. Ltd., 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

Corporate Governance Report

actions required to be taken by 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 auditor to take such identified risks into consideration in drawing up the annual internal audit plan. The Company's internal auditor also assists the Company to conduct an annual review of the adequacy and effectiveness of the Company's internal controls. The external auditor, 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 control 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.

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 control and risk management procedures maintained by Management are adequate to meet the needs of the Company in addressing the financial, operational, compliance and information technology risks to the Company and the Group as at 31 December 2016.

The Board has also received a letter of assurance from the CEO and the CFO confirming, *inter alia*, that:

(a) the financial records of the Company for FY2016 have been properly maintained, and the financial statements give a true and fair view of the Company's operations and finances for FY2016; 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 Audit Committee ("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:

Koh Choon Kong	–	Chairman
Lim Heng Chong Benny	–	Member
Xu Chun Hua	–	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.

Corporate Governance Report

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 auditor's report on those financial statements;

(d) to review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements and any formal announcements relating to the Company's financial performance;

(e) to review the quarterly, half-yearly and annual announcement of results of the Group before submission to the Board for approval;

(f) to consider and review the assistance given by Management to the auditors;

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

(h) to review the external audit plan and the results of the external auditor's examination and evaluate the effectiveness of the Group's internal control system;

(i) to review the independence and objectivity of the external auditor;

(j) to recommend to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditor, and approve the terms of engagement and remuneration payable to the external auditor;

(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 auditor;

(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 and external auditors, who report independently their findings and recommendations to the AC. The AC met with the internal and external auditors, without the presence of Management, at least once during the year. The AC also undertook a review of the independence and objectivity of the external auditor through discussions with the external auditor. The aggregate amount of fees paid to the external auditor for FY2016 is S$157,000. No non-audit fees were paid to the external auditor for the financial year ended 31 December 2016 which may affect their independence. The Company has complied with the requirements of Rules 712 and 715 of the Listing Manual in relation to the appointment of auditing firms.

Corporate Governance Report

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 and external auditors' 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, compliance and information technology 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 the external auditor 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.

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 auditor, 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 auditor 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 or civil 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 auditor 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 (Singapore) Pte. Ltd. (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 CFO on administrative matters.

During the year, the Internal Auditor adopted a risk-based auditing approach that focuses on material internal controls, including financial, operational, compliance and information technology 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.

Corporate Governance Report

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.

(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.

A registered shareholder who is not a relevant intermediary (as defined in the Companies Act) and who is unable to attend may choose to appoint up to two proxies to attend and vote on his behalf. Pursuant to the Companies Act, the Central Provident Fund Board and relevant intermediaries may appoint 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.

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 2016.

Corporate Governance Report

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. The external auditor is also present at such meetings to address shareholders' queries about the conduct of audit and the preparation and content of the auditor's 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 for their inspection 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 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 or she 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 IPTs conducted during the financial year ended 31 December 2016.

(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	73	Executive Chairman	11 October 2006	27 April 2016	None	None
Liu Jing Fu	65	Executive Director and CEO	18 May 2007	28 April 2015	None	None
Xu Jun	47	Executive Director	18 May 2007	28 April 2015	None	None
Ma Ying Qun	43	Executive Director	18 May 2007	29 April 2014	None	None
Lim Heng Chong Benny	46	Lead Independent Director	18 May 2007	27 April 2016	Directorship in other Listed Companies - Ziwo Holdings Ltd Other Principal Commitments - Chris Chong & C T Ho Partnership	Sysma Holdings Limited
Xu Chun Hua	74	Independent Director	18 May 2007	27 April 2016	Directorship in other Listed Companies - Beijing New Universal Science and Technology Co., Ltd. - Quechen Silicon Chemical Co., Ltd. Other Principal Commitments - China Rubber Industry Association Rubber Chemical Commission	None
Koh Choon Kong	46	Independent Director	15 November 2009	28 April 2015	Other Principal Commitments - Summit Power International Pte Ltd	Oriental Group Ltd.

Corporate Governance Report

APPENDIX

Code of Corporate Governance
Specific principles and guidelines for disclosure

Relevant Guidelines or Principles	Page Reference in this Annual Report
Guideline 1.3 Delegation of authority, by the Board to any board committee, to make decisions on certain board matters	17-29
Guideline 1.4 The number of meetings of the Board and board committees held in the year, as well as the attendance of every board member at these meetings	18
Guideline 1.5 The type of material transactions that require board approval under guidelines	18
Guideline 1.6 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	20-21
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	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	35
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

Corporate Governance Report

Relevant Guidelines or Principles	Page Reference in this Annual Report
Guideline 7.1 Names of the members of the RC and the key terms of reference of the RC, explaining its role and the authority delegated to it by the Board	25
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 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)	26-28
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	27
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	27
Guideline 9.5 Details and important terms of employee share schemes	27
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	26-27

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
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	29-31
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	30
Guideline 12.7 The existence of a whistle-blowing policy should be disclosed in the company's Annual Report	31
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	30-31
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	32
Guideline 15.5 Where dividends are not paid, companies should disclose their reasons	32

Directors' Statement

For the financial year ended 31 December 2016

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2016 and the statement of financial position of the Company as at 31 December 2016.

In the opinion of the directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 46 to 90 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 2016 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
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 31.12.2016	At 1.1.2016	**At 31.12.2016**	At 1.1.2016
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	**–**	–
Lim Heng Chong Benny	**100,000**	100,000	**–**	–
Koh Choon Kong [(b)]	**950,000**	3,226,000	**3,226,000**	950,000

Directors' Statement

For the financial year ended 31 December 2016

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 31.12.2016	At 1.1.2016	**At 31.12.2016**	At 1.1.2016
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 his nominee, DBS Nominees (Private) Limited.

The directors' interests in the ordinary shares of the Company as at 21 January 2017 were the same as those as at 31 December 2016.

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:

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

Directors' Statement

For the financial year ended 31 December 2016

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 statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2016 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

24 March 2017

Independent Auditor's Report

The Members of China Sunsine Chemical Holdings Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of China Sunsine Chemical Holdings Ltd. (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 46 to 90.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition
(Refer to Note 4 to the financial statements)

Risk:

The Group recognises revenue upon the transfer of significant risk and rewards of ownership of the goods to the customers. Export sales are recognised based on the incoterms used by the Group, namely free on board ("FOB") or cost, insurance and freight ("CIF"), whereby the risks and rewards of ownership of the goods are transferred to customers once the goods are loaded on board the ship, at the designated port for export based on commercial agreement. Local sales are recognised when goods are delivered to the customers and the customers have accepted the goods. By considering the inherent nature of business activities, higher potential risk of misstatement associated with the completeness of revenue recognised and given the materiality of revenue recognised in the overall consolidated financial statements of the Group, this matter is considered as our key audit matter.

Independent Auditor's Report

The Members of China Sunsine Chemical Holdings Ltd.

Key Audit Matter (continued)

Our response:

In obtaining sufficient audit evidence, we obtained an understanding of management's controls over the revenue cycle and inspected samples of revenue transactions to assess whether:

– the revenue transacted was in accordance with the Group's operating procedures;

– the revenue was accurately recorded in the accounting system and had been correctly recognised in proper financial year; and

– the recognition is in accordance with Group's accounting policies as disclosed in Note 2.2.

We also tested supporting evidence for journal entries posted to revenue account to identify any unusual items.

Our findings:

We found that revenue recognised by the Group was consistent with the accounting policies and relevant disclosures in financial statements are appropriate.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors 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 Act and FRSs, 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.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Independent Auditor's Report

The Members of China Sunsine Chemical Holdings Ltd.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine the matter that was of most significance in the audit of the financial statements of the current financial year and is therefore the key audit matter. We describe the matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report

The Members of China Sunsine Chemical Holdings Ltd.

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.

The engagement director on the audit resulting in this independent auditor's report is Chin Chee Choon.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore
24 March 2017

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2016

	Note	2016 RMB'000	2015 RMB'000 (Restated)
Revenue	4	**2,036,862**	1,859,127
Cost of sales		**(1,496,458)**	(1,367,111)
Gross profit		**540,404**	492,016
Other income - net	7	**5,891**	20,101
Other gains - net	8	**12,781**	18,547
Expenses			
- Distribution and marketing		**(73,074)**	(67,852)
- Administrative		**(172,158)**	(164,921)
- Finance	9	**(4,365)**	(10,436)
Profit before income tax		**309,479**	287,455
Income tax expense	10(a)	**(87,773)**	(92,297)
Net profit		**221,706**	195,158
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation gains arising from consolidation		**925**	368
Other comprehensive income, net of tax		**925**	368
Total comprehensive income		**222,631**	195,526
Net profit attributable to:			
Equity holders of the Company		**221,706**	195,158
Total comprehensive income attributable to:			
Equity holders of the Company		**222,631**	195,526
Earnings per share for profit attributable to equity holders of the Company (RMB cents per share)			
Basic and diluted earnings per share	11	**47.66**	41.92

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

Statements of Financial Position

As at 31 December 2016

	Note	Group			Company	
		2016	2015	01.01.2015	**2016**	2015
		RMB'000	RMB'000 (Restated)	RMB'000	**RMB'000**	RMB'000
ASSETS						
Current assets						
Cash and cash equivalents	12	**275,897**	341,252	122,790	**21**	1,055
Trade and other receivables	13	**629,241**	496,726	704,691	**29,684**	42,094
Inventories	14	**145,414**	141,509	168,030	**–**	–
		1,050,552	979,487	995,511	**29,705**	43,149
Non-current assets						
Investments in subsidiary corporations	15	**–**	–	–	**350,010**	350,010
Property, plant and equipment	16	**549,426**	562,781	613,104	**–**	–
Intangible assets	17	**42,503**	43,664	29,507	**–**	–
		591,929	606,445	642,611	**350,010**	350,010
Total assets		**1,642,481**	1,585,932	1,638,122	**379,715**	393,159
LIABILITIES						
Current liabilities						
Trade and other payables	18	**222,660**	210,338	311,586	**16,631**	13,793
Borrowings	19	**–**	144,872	214,000	**–**	–
Current income tax liabilities	10(b)	**58,211**	55,418	57,283	**1,151**	975
		280,871	410,628	582,869	**17,782**	14,768
Non-current liabilities						
Borrowings		**–**	–	44,000	**–**	–
Total liabilities		**280,871**	410,628	626,869	**17,782**	14,768
NET ASSETS		**1,361,610**	1,175,304	1,011,253	**361,933**	378,391
EQUITY						
Capital and reserves attributable to equity holders of the Company						
Share capital	20	**313,471**	313,471	313,471	**313,471**	313,471
Treasury shares	20	**(31,350)**	(28,197)	(28,197)	**(31,350)**	(28,197)
Other reserves	21	**271,442**	226,427	183,907	**(4,325)**	(5,250)
Retained profits	22	**808,047**	663,603	542,072	**84,137**	98,367
Total equity		**1,361,610**	1,175,304	1,011,253	**361,933**	378,391

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

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2016

	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
2016									
Beginning of financial year		**313,471**	**(28,197)**	**(5,564)**	**305**	**129,352**	**102,334**	**663,603**	**1,175,304**
Total comprehensive income for the financial year		–	–	925	–	–	–	221,706	222,631
Transfer to statutory and voluntary reserves		–	–	–	–	22,045	22,045	(44,090)	–
Purchase of treasury shares	20	–	(3,153)	–	–	–	–	–	(3,153)
Dividend relating to 2015 paid	23	–	–	–	–	–	–	(33,172)	(33,172)
End of financial year		**313,471**	**(31,350)**	**(4,639)**	**305**	**151,397**	**124,379**	**808,047**	**1,361,610**
2015 (Restated)									
Beginning of financial year		**313,471**	**(28,197)**	**(5,932)**	**305**	**108,276**	**81,258**	**542,072**	**1,011,253**
Total comprehensive income for the financial year									
- As previously reported		–	–	368	–	–	–	209,221	209,589
- Prior year adjustments	28	–	–	–	–	–	–	(14,063)	(14,063)
- As restated		–	–	368	–	–	–	195,158	195,526
Transfer to statutory and voluntary reserves		–	–	–	–	21,076	21,076	(42,152)	–
Dividend relating to 2014 paid	23	–	–	–	–	–	–	(31,475)	(31,475)
End of financial year		**313,471**	**(28,197)**	**(5,564)**	**305**	**129,352**	**102,334**	**663,603**	**1,175,304**

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2016

	Note	2016 RMB'000	2015 RMB'000 (Restated)
Cash flows from operating activities			
Net profit		**221,706**	195,158
Adjustments for:			
- Income tax expense	10(a)	**87,773**	92,297
- Amortisation, depreciation and impairment	5	**95,982**	93,962
- Loss on disposal of property, plant and equipment	8	**523**	–
- Bargain purchase on acquisition of a subsidiary corporation	8	**–**	(7,126)
- Interest income	7	**(2,416)**	(1,209)
- Finance expenses	9	**4,365**	10,436
- Unrealised currency translation losses		**4,046**	7,509
		411,979	391,027
Change in working capital			
- Inventories		**(3,905)**	26,521
- Trade and other receivables		**(132,515)**	207,965
- Trade and other payables		**12,322**	(101,248)
Cash generated from operations		**287,881**	524,265
Income tax paid	10(b)	**(85,025)**	(94,151)
Net cash generated from operating activities		**202,856**	430,114
Cash flows from investing activities			
Additions to property, plant and equipment	16	**(82,587)**	(30,413)
Additions to intangible assets	17	**–**	(257)
Acquisition of a subsidiary corporation, net of cash acquired	29(b)	**–**	(20,000)
Disposal of property, plant and equipment		**598**	–
Interest received		**2,416**	1,209
Net cash used in investing activities		**(79,573)**	(49,461)
Cash flows from financing activities			
Cash deposits restricted in use released from banks		**50**	10,270
Purchase of treasury shares	20	**(3,153)**	–
Proceeds from bank borrowings		**20,000**	187,771
Repayment of bank borrowings		**(167,997)**	(308,000)
Interest paid		**(4,365)**	(10,436)
Dividends paid to equity holders of the Company	23	**(33,172)**	(31,475)
Net cash used in financing activities		**(188,637)**	(151,870)
Net (decrease)/increase in cash and cash equivalents		**(65,354)**	228,783
Cash and cash equivalents			
Beginning of financial year		**339,522**	110,790
Effects of currency translation on cash and cash equivalents		**49**	(51)
End of financial year	12	**274,217**	339,522

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

Notes to the Financial Statements

For the financial year ended 31 December 2016

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 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 corporation 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 15 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 ("FRSs") 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 FRSs 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 2016

On 1 January 2016, the Group adopted the new or amended FRSs and Interpretations of FRSs ("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 FRSs and INT FRS.

The adoption of these new or amended FRSs 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 2016

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 and rendering of services 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 and other services is recognised based on the power supplied during the year and when services are rendered.

(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 2016

2 Significant accounting policies (continued)

2.4 Group accounting

Subsidiary corporations

(a) 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 unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) 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 2016

2 Significant accounting policies (continued)

2.4 Group accounting (continued)

Subsidiary corporations (continued)

(b) 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.

(c) 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 2016

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 reporting 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.

(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 within “other gains – net”.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2 Significant accounting policies (continued)

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 35 years and 50 years respectively, 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 statement of financial position. On disposal of such 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 2016

2 Significant accounting policies (continued)

2.9 *Financial assets*

(a) Classification

The Group classifies its financial assets as loans and receivables. The classification depends on 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 reporting date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" (Note 13) and "cash and cash equivalents" (Note 12) on the statements of financial position.

(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 reporting 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 2016

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 statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise 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 reporting 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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2 Significant accounting policies (continued)

2.14 Leases

The Group leases land use rights, properties and 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 reporting 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.

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 reporting date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting 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.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2 Significant accounting policies (continued)

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.

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 reporting 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 – net".

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.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2 Significant accounting policies (continued)

2.19 Currency translation (continued)

(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.

2.21 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents 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.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2 Significant accounting policies (continued)

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 income tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax liabilities at 31 December 2016 is RMB58,211,000 (2015 Restated: RMB55,418,000) as disclosed in Note 10(b) to the financial statements.

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 carried forward of RMB73,522,000 (2015: RMB54,304,000) at the reporting date.

Notes to the Financial Statements

For the financial year ended 31 December 2016

4 Revenue

	Group	
	2016	2015
	RMB'000	RMB'000
Sale of goods - rubber chemicals	**2,030,876**	1,854,893
Rendering of service		
- heating power	**4,764**	4,234
- other services	**1,222**	–
	2,036,862	1,859,127

5 Expenses by nature

	Group	
	2016	2015
	RMB'000	RMB'000
Purchases of inventories	**1,227,798**	1,035,005
Amortisation of intangible assets (Note 17)	**1,161**	611
Depreciation of property, plant and equipment (Note 16)	**94,821**	93,351
Total amortisation and depreciation	**95,982**	93,962
(Reversal of)/allowance for impairment of trade and other receivables, net (Note 25(b)(ii))	**(2,740)**	10,603
Employee compensation (Note 6)	**195,590**	171,822
Port charges	**13,639**	11,691
Freight charges	**40,460**	35,740
Fees on audit services paid/payable to		
- Auditor of the Company	**754**	975
- Other auditor	**44**	114
Total audit fees	**798**	1,089
Directors' fees	**626**	814
Changes in inventories	**(3,905)**	26,521
Utilities	**89,557**	81,716
Other expenses	**83,885**	130,921
Total cost of sales, distribution and marketing costs, and administrative expenses	**1,741,690**	1,599,884

Notes to the Financial Statements

For the financial year ended 31 December 2016

6 Employee compensation

	Group	
	2016	2015
	RMB'000	RMB'000
Salaries and wages	**173,821**	152,811
Employer's contribution to defined contribution plans including Central Provident Fund	**21,769**	19,011
	195,590	171,822

7 Other income - net

	Group	
	2016	2015
	RMB'000	RMB'000
Interest income on bank deposits	**2,416**	1,209
Reversal of long-aged payables	**–**	15,245
(Loss)/profit on sale of scrap materials	**(291)**	3,647
Government grants received	**3,766**	–
	5,891	20,101

8 Other gains – net

	Group	
	2016	2015
	RMB'000	RMB'000
Bargain purchase on acquisition of a subsidiary corporation (Note 29 (c))	**–**	7,126
Currency exchange gains – net	**12,603**	7,077
Loss on disposal of property, plant and equipment	**(523)**	–
Others	**701**	4,344
	12,781	18,547

9 Finance expenses

	Group	
	2016	2015
	RMB'000	RMB'000
Interest expense on bank borrowings	**4,357**	9,736
Interest expense on bill discounting	**8**	700
	4,365	10,436

Notes to the Financial Statements

For the financial year ended 31 December 2016

10 Income tax

(a) Income tax expense

	Group	
	2016	2015
	RMB'000	RMB'000
		(Restated)
Tax expense attributable to profit is made up of:		
Profit for the financial year:		
- Current income tax - People's Republic of China	**87,383**	88,734
Under provision in prior financial years:		
- Current income tax - People's Republic of China	**390**	3,563
	87,773	92,297

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	
	2016	2015
	RMB'000	RMB'000
		(Restated)
Profit before income tax	**309,479**	287,455
Tax calculated at tax rate of 25% (2015: 25%)	**77,370**	71,864
Effects of:		
- different tax rates in other countries	**(1,675)**	(5,184)
- expenses not deductible for tax purposes	**7,007**	19,168
- income not subject to tax	**–**	(3,393)
- foreign withholding tax	**1,999**	3,903
- deferred income tax assets not recognised	**2,722**	2,254
- other	**(40)**	122
Tax charge	**87,383**	88,734

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 RMB73,552,000 (2015: RMB54,304,000) at the reporting 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 RMB36,195,000 (2015: RMB28,262,000) 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 subsidiary corporations will distribute such earnings in the foreseeable future.

Notes to the Financial Statements

For the financial year ended 31 December 2016

10 Income tax (continued)

(b) Movement in current income tax liabilities

	Group		Company	
	2016	2015	**2016**	2015
	RMB'000	RMB'000 (Restated)	**RMB'000**	RMB'000
Beginning of financial year	**55,418**	57,283	**975**	1,045
Currency translation differences	**45**	(11)	**45**	(11)
Income tax paid	**(85,025)**	(94,151)	**(1,868)**	(4,084)
Tax expense	**87,383**	88,734	**1,999**	4,025
Under provision in prior financial year	**390**	3,563	**–**	–
End of financial year	**58,211**	55,418	**1,151**	975

11 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.

	2016	2015 (Restated)
Net profit attributable to equity holders of the Company (RMB'000)	**221,706**	195,158
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**465,145**	465,504
Basic and diluted earnings per share (RMB cents)	**47.66**	41.92

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

Notes to the Financial Statements

For the financial year ended 31 December 2016

12 Cash and cash equivalents

	Group		Company	
	2016	2015	**2016**	2015
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash at bank and on hand	**149,847**	341,252	**21**	1,055
Short-term bank deposits	**126,050**	–	**–**	–
	275,897	341,252	**21**	1,055

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

	Group	
	2016	2015
	RMB'000	RMB'000
Cash and cash equivalents (as above)	**275,897**	341,252
Less: Cash restricted in use	**(1,680)**	(1,730)
Cash and cash equivalents per consolidated statement of cash flows	**274,217**	339,522

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

13 Trade and other receivables

	Group		Company	
	2016	2015	**2016**	2015
	RMB'000	RMB'000	**RMB'000**	RMB'000
Notes receivables	**150,185**	72,297	**–**	–
Trade receivables				
- Non-related parties	**410,191**	357,245	**–**	–
Less: Allowance for impairment of trade receivables (Note 25(b)(ii))	**(12,845)**	(15,996)	**–**	–
Trade receivables - net	**397,346**	341,249	**–**	–
Non-trade receivables				
- Subsidiary corporations	**–**	–	**29,659**	42,077
- Non-related parties	**30,455**	54,889	**25**	17
	30,455	54,889	**29,684**	42,094
Advances to suppliers	**50,412**	27,503	**–**	–
Prepayments	**843**	788	**–**	–
	629,241	496,726	**29,684**	42,094

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

Notes to the Financial Statements

For the financial year ended 31 December 2016

14 Inventories

	Group	
	2016	2015
	RMB'000	RMB'000
Raw materials	**99,556**	74,217
Finished goods	**45,858**	67,292
	145,414	141,509

The cost of inventories recognised as an expense and included in "cost of sales" amounted to RMB1,223,893,000 (2015: RMB1,061,526,000).

15 Investments in subsidiary corporations

	Company	
	2016	2015
	RMB'000	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 2016 and 2015:

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent and the Group 2016	2015
			%	%
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
Shanxian Sunsine Hotel Management Co., Ltd [(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

Notes to the Financial Statements

For the financial year ended 31 December 2016

15 Investments in subsidiary corporations (continued)

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent and the Group 2016	2015
			%	%
Held by Shanxian Sunsine Hotel Management Co., Ltd				
Shandong Fulong Villa Co., Ltd[b]	Hotel and restaurant	People's Republic of China	**100**	100

[a] Audited by Shan Dong He Hua United Certified Public Accounts 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.

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 RMB275,876,000 (2015: RMB340,197,000) 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.

16 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						
2016						
Cost						
Beginning of financial year	562,736	377,050	8,812	17,280	10,483	976,361
Additions	23,452	4,631	3,037	663	50,804	82,587
Disposals	(1,376)	(5)	(2,091)	(441)	–	(3,913)
Reclassification	9,360	657	–	1,351	(11,368)	–
End of financial year	594,172	382,333	9,758	18,853	49,919	1,055,035
Accumulated depreciation and impairment losses						
Beginning of financial year	309,275	89,348	5,269	9,688	–	413,580
Depreciation charge (Note 5)	68,107	22,806	1,007	2,901	–	94,821
Disposals	(846)	(5)	(1,553)	(388)	–	(2,792)
End of financial year	376,536	112,149	4,723	12,201	–	505,609
Net book value						
End of financial year	**217,636**	**270,184**	**5,035**	**6,652**	**49,919**	**549,426**

Notes to the Financial Statements

For the financial year ended 31 December 2016

16 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						
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 29 (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**

17 Intangible assets

	Group 2016 RMB'000	Group 2015 RMB'000
Land use rights		
Cost		
Beginning of financial year	**53,287**	38,519
Additions	**–**	257
Acquisition of a subsidiary corporation (Note 29 (c))	**–**	14,511
End of financial year	**53,287**	53,287
Accumulated amortisation and impairment losses		
Beginning of financial year	**9,623**	9,012
Amortisation charge (Note 5)	**1,161**	611
End of financial year	**10,784**	9,623
Net book value	**42,503**	43,664

The amortisation charged is included as part of the administrative expenses.

Notes to the Financial Statements

For the financial year ended 31 December 2016

17 Intangible assets (continued)

Land use rights are related 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 Village, Shanxian	35 years (expiring on 7 Sep 2050)	33,618

(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. Shandong Sunsine has obtained construction permission from the local authority of Shanxian County in prior financial year but has yet to receive the land use rights certificates as at the date of authorisation of these financial statements. 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. Shandong Shengtao has obtained construction permission from the local authority of Dingtao County in prior financial year but has yet to receive the land use rights certificates as at the date of authorisation of these financial statements. 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. Guangshun has obtained construction permission from the local authority of Shanxian County in prior financial year but has yet to receive the land use rights certificates as at the date of authorisation of these financial statements. Accordingly, the expiry date of the land use rights cannot be ascertained.

Notes to the Financial Statements

For the financial year ended 31 December 2016

18 Trade and other payables

	Group		Company	
	2016	2015	**2016**	2015
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade payables - Non-related parties	**52,230**	43,032	**–**	–
Non-trade payables - Non-related parties	**61,833**	64,857	**82**	28
Accruals for operating expenses	**108,597**	102,449	**16,549**	13,765
	222,660	210,338	**16,631**	13,793

19 Borrowings

	Group	
	2016	2015
	RMB'000	RMB'000
Bank borrowings – unsecured	**–**	144,872

The short-term borrowings as at 31 December 2015 were unsecured and repayable within the next twelve months which bore an effective interest rate at 4.00%. These borrowings had been fully settled during the current financial year.

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

	Group	
	2016	2015
	RMB'000	RMB'000
6 months or less	**–**	53,962
6 – 12 months	**–**	90,910
	–	144,872

Notes to the Financial Statements

For the financial year ended 31 December 2016

20 Share capital and treasury shares

(a) Share capital

	No. of ordinary shares	Amount SGD'000	Amount RMB'000
Group and Company			
2016			
Beginning and end of financial year	491,694,000	62,649	313,471
2015			
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			
2016			
Beginning of financial year	26,190,000	(5,792)	(28,197)
Treasury shares purchased	1,463,200	(655)	(3,153)
End of financial year	**27,653,200**	**(6,447)**	**(31,350)**
2015			
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.

The Company acquired 1,463,200 (2015: Nil) shares in the Company in the open market during the current financial year. The total amount paid to acquire the shares was RMB3,153,000 (2015: Nil) and this was presented as a component within shareholders' equity.

Notes to the Financial Statements

For the financial year ended 31 December 2016

21 Other reserves

(a) Composition:

	Group 2016 RMB'000	Group 2015 RMB'000	Company 2016 RMB'000	Company 2015 RMB'000
Merger reserve	**305**	305	**–**	–
Statutory common reserve	**151,397**	129,352	**–**	–
Voluntary common reserve	**124,379**	102,334	**–**	–
Currency translation reserve	**(4,639)**	(5,564)	**(4,235)**	(5,250)
	271,442	226,427	**(4,235)**	(5,250)

(b) Movements:

	Group 2016 RMB'000	Group 2015 RMB'000	Company 2016 RMB'000	Company 2015 RMB'000
(i) Merger reserve				
Beginning and end of financial year	**305**	305	**–**	–
(ii) Statutory common reserve				
Beginning of financial year	**129,352**	108,276	**–**	–
Transfer from retained profits	**22,045**	21,076	**–**	–
End of financial year	**151,397**	129,352	**–**	–
(iii) Voluntary common reserve				
Beginning of financial year	**102,334**	81,258	**–**	–
Transfer from retained profits	**22,045**	21,076	**–**	–
End of financial year	**124,379**	102,334	**–**	–
(iv) Currency translation reserve				
Beginning of financial year	**(5,564)**	(5,932)	**(5,250)**	(5,618)
Net currency translation differences of financial statements of holding company	**925**	368	**925**	368
End of financial year	**(4,639)**	(5,564)	**(4,325)**	(5,250)

Other reserves are non-distributable.

Notes to the Financial Statements

For the financial year ended 31 December 2016

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	
	2016	2015
	RMB'000	RMB'000
Beginning of financial year	**98,367**	69,064
Net profit	**18,942**	60,778
Dividends paid (Note 23)	**(33,172)**	(31,475)
End of financial year	**84,137**	98,367

Notes to the Financial Statements

For the financial year ended 31 December 2016

23 Dividends

	Group	
	2016	2015
	RMB'000	RMB'000
Ordinary dividends paid		
Final dividends paid in respect of the previous financial year of SGD 0.015 (2015: SGD 0.015) per share (Note 22)	**33,172**	31,475

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 2017. These one-tier tax exempt dividends are subject to approval by the shareholders at the forthcoming Annual General Meeting to be held on 28 April 2017 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 SGD6,960,612 (equivalent to approximately RMB33,433,000).

24 Commitments

(a) Capital commitments

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

	Group	
	2016	2015
	RMB'000	RMB'000
Property, plant and equipment	**38,096**	–

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

The Group leases land use rights, properties and office from outside 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 reporting date but not recognised as liabilities, are as follows:

	Group		Company	
	2016	2015	**2016**	2015
	RMB'000	RMB'000	**RMB'000**	RMB'000
Not later than one year	**1,334**	150	**50**	150
Between one and five years	**1,282**	50	**–**	50
	2,616	200	**50**	200

Notes to the Financial Statements

For the financial year ended 31 December 2016

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 2016

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 2016					
Financial assets					
Cash and cash equivalents	93,154	163,763	2,071	16,909	275,897
Trade and other receivables	461,357	112,876	3,728	25	577,986
Receivables from inter-company	84,850	–	–	29,659	114,509
	639,361	276,639	5,799	46,593	968,392
Financial liabilities					
Trade and other payables	(206,030)	–	–	(16,630)	(222,660)
Payables to inter-company	(84,850)	–	–	(29,659)	(114,509)
	(290,880)	–	–	(46,289)	(337,169)
Net financial assets	348,481	276,639	5,799	304	631,223
Add: Net non-financial assets/(liabilities)	731,538	–	–	(1,151)	730,387
Net assets	1,080,019	276,639	5,799	(847)	1,361,610
Less: Net financial assets denominated in the respective entities' functional currencies	(348,481)	–	–	(16,584)	(365,065)
Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities' functional currencies	**–**	**276,639**	**5,799**	**(16,280)**	**266,158**

Notes to the Financial Statements

For the financial year ended 31 December 2016

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 2015					
Financial Assets					
Cash and cash equivalents	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/ (liabilities)	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 liabilities denominated in the respective entities' functional currencies	(347,843)	–	–	(29,356)	(377,199)
Currency exposure of financial assets/ (liabilities) net of those denominated in the respective entities' functional currencies	**–**	**76,783**	**8,623**	**(8,128)**	**77,278**

25 Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the USD, EUR and SGD change against the RMB by 7% (2015: 6%), 3% (2015: 5%) and 5% (2015: 1%) 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) →	
	2016	2015
	Net profit	Net profit
	RMB'000	RMB'000
USD against RMB		
- Strengthened	**14,524**	3,455
- Weakened	**(14,524)**	(3,455)
EUR against RMB		
- Strengthened	**130**	323
- Weakened	**(130)**	(323)
SGD against RMB		
- Strengthened	**(610)**	(61)
- Weakened	**610**	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% (2015: 10%) with all other variables including tax rate being held constant, the effects on net profit will be RMB19,935,000 (2015: RMB15,648,000) 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.

For the financial year ended 31 December 2016, the Group is not exposed to significant cash flow and fair value interest rate risk as the Group's exposure on interest rate risk is primarily from short-term bank deposits placed. While for the financial year ended 31 December 2015, if the interest rates had been higher/lower by 10% with all other variables including tax rate being held constant, the net profit would have been lower/higher by RMB390,000 as a result of higher/lower interest expense on these borrowings.

Notes to the Financial Statements

For the financial year ended 31 December 2016

25 Financial risk management (continued)

(b) Credit risk

Credit risk refers to the risk that a 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 statement of financial position.

The trade receivables of the Group comprise of one debtor (2015: 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:

	2016	2015
	RMB'000	RMB'000
By geographical areas		
People's Republic of China	**273,949**	266,371
Overseas market	**123,397**	74,878
	397,346	341,249
By types of customers		
Non-related parties	**397,346**	341,249

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

Cash and cash equivalents that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade and oither 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 2016

25 Financial risk management (continued)

(b) Credit risk (continued)

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

Trade receivables that are past due but not impaired at the reporting date as the Group has received the payments from customers subsequent to the reporting date.

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

	2016	2015
	RMB'000	RMB'000
Past due < 3 months	**29,117**	34,397
Past due 3 to 6 months	**10**	844
	29,127	35,241

Trade receivables that are past due but not impaired at the reporting date as the Group has received the payments from customers subsequent to the reporting date.

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

	2016	2015
	RMB'000	RMB'000
Trade receivables	**12,845**	15,996
Less: Allowance for impairment of receivables	**(12,845)**	(15,996)
	–	–
Beginning of financial year	**(15,996)**	(5,393)
Allowance made	**(1,618)**	(13,421)
Allowance utilised	**411**	–
Reversal of allowance made	**4,358**	2,818
End of financial year (Note 13)	**(12,845)**	(15,996)

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

(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.

Notes to the Financial Statements

For the financial year ended 31 December 2016

25 Financial risk management (continued)

(c) Liquidity risk (continued)

At the reporting date, all the liabilities of the Group are due within one year, except for non-current bank borrowings, if any. 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 reporting 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
<u>Group</u>	
At 31 December 2016	
Trade and other payables	222,660
At 31 December 2015	
Trade and other payables	210,338
Borrowings	144,872
<u>Company</u>	
At 31 December 2016	
Trade and other payables	16,631
At 31 December 2015	
Trade and other payables	13,793

Notes to the Financial Statements

For the financial year ended 31 December 2016

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 cash equivalents. Total capital is calculated as equity plus net debt.

	Group		Company	
	2016	2015	**2016**	2015
	RMB'000	RMB'000	**RMB'000**	RMB'000
Net debt	**–**	13,958	**16,610**	12,738
Total equity	**1,361,610**	1,175,304	**361,933**	378,391
Total capital	**1,361,610**	1,189,262	**378,543**	391,129
Gearing ratio	**–**	1%	**4%**	3%

The Group is in compliance with all externally imposed capital requirements for the financial years ended 31 December 2016 and 2015.

(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 of receivables 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 2016

25 Financial risk management (continued)

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as follows:

	Group		Company	
	2016	2015	**2016**	2015
	RMB'000	RMB'000	**RMB'000**	RMB'000
Loans and receivables	**853,883**	809,687	**29,705**	43,139
Financial liabilities measured at amortised cost	**222,660**	355,210	**16,631**	13,793

26 Related party transactions

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

	Group	
	2016	2015
	RMB'000	RMB'000
Salaries and wages	**18,816**	15,283
Employer's contribution to defined contribution plans including Central Provident Funds	**121**	95
	18,937	15,378

Included in the above is total compensation to directors of the Company amounting to RMB16,720,000 (2015: RMB14,936,000).

Notes to the Financial Statements

For the financial year ended 31 December 2016

27 Segment information

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.

Other segments included investment holding in Singapore and hotel and restaurant in People's Republic of China. These are not included within the reportable operating segments as the segments do not meet the quantitative thresholds required by FRS 108 for reportable segments. The results of these operations are included in the "Others" column.

The segment information for the reportable business segments is as follows:

	Rubber Chemicals RMB'000	**Heating Power RMB'000**	**Others RMB'000**	**Total RMB'000**
2016				
Sales				
Total segment sales	2,584,498	76,892	3,822	2,665,212
Inter-segment sales	(553,622)	(72,128)	(2,600)	(628,350)
Sales to external parties	2,030,876	4,764	1,222	2,036,862
Adjusted EBITDA	416,190	10,391	(19,171)	407,410
Depreciation	(81,598)	(11,888)	(1,335)	(94,821)
Amortisation	(619)	(123)	(419)	(1,161)
Segment assets	1,438,458	175,906	28,117	1,642,481
Segment assets include:				
Additions to property, plant and equipment	77,194	3,215	2,178	82,587
Segment liabilities	232,824	27,222	20,825	280,871
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	362,735	33,115	14,778	410,628

Notes to the Financial Statements

For the financial year ended 31 December 2016

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:

	2016	2015
	RMB'000	RMB'000
Adjusted EBITDA for reportable segments	**407,410**	390,644
Depreciation	**(94,821)**	(93,351)
Amortisation	**(1,161)**	(611)
Finance expenses	**(4,365)**	(10,436)
Interest income	**2,416**	1,209
Profit before income tax	**309,479**	287,455

(ii) *Segment assets*

The amounts reported to the BOD 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.

	2016	2015
	RMB'000	RMB'000
Segment assets for reportable segments	**1,642,481**	1,585,932

(iii) *Segment liabilities*

The amounts provided to the BOD 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.

	2016	2015
	RMB'000	RMB'000
Segment liabilities for reportable segments	**280,871**	410,628

Notes to the Financial Statements

For the financial year ended 31 December 2016

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	
	2016	2015	**2016**	2015
	RMB'000	RMB'000	**RMB'000**	RMB'000
People's Republic of China	**1,271,981**	1,175,133	**591,929**	606,445
Rest of Asia	**512,320**	444,553	**–**	–
America	**121,207**	121,056	**–**	–
Europe	**117,707**	105,245	**–**	–
Other countries	**13,647**	13,140	**–**	–
	2,036,862	1,859,127	**591,929**	606,445

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

28 Prior year adjustments

The financial statement for financial year ended 31 December 2015 had been restated as the Group had erroneously included the salaries and bonuses, which were reversed in the financial statements, in the tax computation prepared and submitted to the Local Tax Bureau. During the Group's Final Settlement and Payment of Enterprise Income Taxes in 2016, the error was identified and the unrecorded income tax liabilities and expenses had been accounted for retrospectively. As a result, certain line items had been restated on the face of the statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year ended on that date.

The error has been corrected by restating each of the affected financial statement line items for the prior financial year, as follows:

	Balances as previously reported RMB'000	**Prior year adjustments RMB'000**	**Balances as restated RMB'000**
2015			
Statement of comprehensive income			
Income tax expense	78,234	14,063	92,297
Net profit	209,221	(14,063)	195,158
Total comprehensive income	**209,589**	(14,063)	195,526
Balance sheet			
Current income tax liabilities	**41,355**	14,063	55,418
Retained profits	**677,666**	(14,063)	663,603
Statement of cash flows			
Net profit	209,221	(14,063)	195,158
Income tax expense	78,234	14,063	92,297
Basic and diluted earnings per share	**44.95**	(3.03)	41.92

Notes to the Financial Statements

For the financial year ended 31 December 2016

29 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 RMB20,000,000. The principal activity of Shandong Fulong Villa Co., Ltd 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:

		2015 RMB'000
(a)	Purchase consideration	
	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**

(c) Identifiable assets acquired and liabilities assumed

	At fair value RMB'000
Property, plant and equipment (Note 16)	12,615
Intangible assets (Note 17)	14,511
Total assets representing total identifiable net assets	**27,126**
Less: Bargain purchase on acquisition of a subsidiary corporation (Note 8)	(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.

Notes to the Financial Statements

For the financial year ended 31 December 2016

30 New or revised accounting standards and interpretations

Below are the mandatory standards and 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 2017 and which the group has not early adopted.

Effective for annual periods beginning on or after 1 January 2017

- Amendments to FRS 7 Disclosure Initiative
- Amendments to FRS 12 Recognition of Deferred Tax Assets for Unrealised Losses
- Improvements to FRSs (December 2016)
  - Amendments to FRS 112 Disclosure of Interest in Other Entities

Effective for annual periods beginning on or after 1 January 2018

- FRS 109 Financial Instruments
- FRS 115 Revenue from Contracts with Customers
- Amendments to FRS 40: Transfers of Investment Property
- Amendments to FRS 102: Classification and Measurement of Share-based Payment Transactions
- Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers
- Improvements to FRSs (December 2016)
  - Amendment to FRS 28 Investments in Associates and Joint Ventures
  - Amendment to FRS 101 First-Time Adoption of Financial Reporting Standards
- INT FRS 122 Foreign Currency Transactions and Advance Consideration

Effective for annual periods beginning on or after 1 January 2019

- FRS 116 Leases

Effective date: to be determined

- 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 FRS and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for FRS 116.

Notes to the Financial Statements

For the financial year ended 31 December 2016

30 New or revised accounting standards and interpretations (continued)

FRS 116 will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of RMB2,616,000 (Note 24). However, the Group has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

31 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 24 March 2017.

Statistics of Shareholdings

As at 16 March 2017

SHARE CAPITAL

Number of Issued Shares	:	491,694,000
Number of Issued Shares (excluding Treasury Shares and Subsidiary Holdings[1])	:	464,040,800
Number of Treasury Shares	:	27,653,200
Number of Subsidiary Holdings	:	0
Percentage of Treasury Shares and Subsidiary Holdings	:	5.62%[2]
Class of Shares	:	Ordinary Shares
Voting Rights (excluding Treasury Shares and Subsidiary Holdings)	:	One vote per share

Notes:

[1] "Subsidiary Holdings" means any Issued Shares of the Company held by its subsidiaries (as referred to Section 21 of the Companies Act, Chapter 50 of Singapore).

[2] Percentage calculated against the total number of Issued Shares (excluding Treasury Shares and Subsidiary Holdings).

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shares	% of Shares	No. of Shareholders	% of Shareholders
No. of ordinary shares held				
1 - 99	36	0.00	1	0.10
100 - 1,000	37,936	0.01	49	4.65
1,001 - 10,000	2,714,200	0.58	452	42.93
10,001 - 1,000,000	42,465,601	9.19	524	49.76
1,000,001 and above	418,643,027	90.22	27	2.56
Grand Total	**464,040,800**	**100.00**	**1,053**	**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	63.28
2	CHIA KEE KOON	20,508,000	4.42
3	XU XIANLEI	13,838,800	2.98
4	STONE ROBERT ALEXANDER	11,580,000	2.50
5	ASTRONOMIC CAPITAL GROUP INC	11,257,762	2.43
6	CITIBANK NOMINEES SINGAPORE PTE LTD	9,066,100	1.95
7	HL BANK NOMINEES (SINGAPORE) PTE LTD	7,880,000	1.70
8	DB NOMINEES (SINGAPORE) PTE LTD	7,420,000	1.60
9	DBS NOMINEES PTE LTD	7,240,624	1.56
10	EE HOCK LEONG LAWRENCE	3,250,000	0.70
11	LEOW EK HUA	3,225,700	0.70
12	UOB KAY HIAN PTE LTD	3,182,700	0.69
13	MAYBANK KIM ENG SECURITIES PTE LTD	3,103,791	0.67
14	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,929,000	0.63
15	XU CHENGQIU	2,869,000	0.62
16	YEO KHEE CHYE	2,400,000	0.52
17	LEE YOW FEE	2,354,500	0.51
18	OCBC SECURITIES PRIVATE LTD	1,540,100	0.33
19	HAN WEIDONG	1,530,000	0.33
20	PHILLIP SECURITIES PTE LTD	1,461,700	0.31
	TOTAL	**410,280,327**	**88.43**

Statistics of Shareholdings

As at 16 March 2017

SHAREHOLDINGS HELD IN THE HANDS OF THE PUBLIC

Based on the information available to the Company as at **16 March 2017**, approximately 35.03% 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	63.28	–	–
Xu Cheng Qiu [1]	2,869,000	0.62	293,642,550	63.28

Note:

(1) By virtue of Section 7 of the Companies Act, Chapter 50 of Singapore, 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

NOTICE IS HEREBY GIVEN that the Annual General Meeting of China Sunsine Chemical Holdings Ltd. (the "**Company**") will be held at Bras Basah Room, Level 4, Raffles City Convention Centre, 80 Bras Basah Road, Singapore 189560 on Friday, 28 April 2017 at 10.00 a.m. ("**AGM**") 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 2016, together with the Independent Auditor's 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 2016. **(Resolution 2)**

3. To re-elect the Director, Mr Xu Jun, who is retiring by rotation under Article 104 of the Company's Constitution, and who, being eligible, offers himself for re-election. **(Resolution 3)**
   [See Explanatory Note 1]

4. To re-elect the Director, Mr Ma Ying Qun, who is retiring by rotation under Article 104 of the Company's Constitution, and who, being eligible, offers himself for re-election. **(Resolution 4)**
   [See Explanatory Note 2]

5. To approve the amount of S$142,500 proposed as Directors' fees for the financial year ended 31 December 2016 (2015: S$180,000). **(Resolution 5)**

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

7. To transact any other ordinary business that may be properly transacted at an annual general meeting.

As Special Business:-

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

8. **SHARE ISSUE MANDATE** **(Resolution 7)**

   That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (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 of the Company whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

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

Notice of Annual General Meeting

(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 Resolution was in force,

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares and shares of the Company held by its subsidiaries ("**Subsidiary Holdings**")) 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 20% of the total number of issued shares (excluding treasury shares and Subsidiary Holdings) 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 issued shares shall be based on the total number of issued shares (excluding treasury shares and Subsidiary Holdings) of the Company at the time this Resolution is passed, after adjusting for:

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

(ii) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution 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 the earlier. **[See Explanatory Note 3]**

Notice of Annual General Meeting

9. **RENEWAL OF SHARE PURCHASE MANDATE** **(Resolution 8)**

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 of the Company ("**Shares**") not exceeding in aggregate the Maximum 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) market purchase(s), ("**Market Purchases(s)**") on the SGX-ST; and/or

(ii) off-market purchase(s) ("**Off-Market Purchase(s)**") (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

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 authorised 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 during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next Annual General Meeting of the Company is held;

(ii) the date by which the next Annual General Meeting of the Company is required by law to be held; and

(iii) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) market days on which transactions in the Shares were recorded on the SGX-ST immediately preceding the date of the Market Purchase by the Company 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 listing rules of the SGX-ST, for any corporate action that occurs after the relevant five-day period; and

"**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 therein the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

Notice of Annual General Meeting

"**Maximum Limit**" means the number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares and Subsidiary Holdings as at that date);

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the maximum price (excluding brokerage, commission, applicable goods and service tax and other related expenses) which shall not exceed:

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

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price of the Shares; 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 and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution. **[See Explanatory Note 4]**

BY ORDER OF THE BOARD

TONG YIPING
HO CHEE TONG
Joint Company Secretaries

Singapore, 12 April 2017

Notice of Annual General Meeting

EXPLANATORY NOTES:

1. **Resolution 3** – Mr Xu Jun will, upon re-election, remain as Executive Director of the Company and Vice-Chairman of the Company's subsidiary, Shandong Sunsine Chemical Co., Ltd. Mr Xu Jun is the son of Mr Xu Cheng Qiu, the Executive Chairman of the Company. Save as disclosed, there are no relationships (including immediate family relationships) between Mr Xu Jun and the other Directors, the Company or its 10% shareholders. Detailed information on Mr Xu Jun can be found under "Board of Directors" and "Corporate Governance Report" in the Company's 2016 Annual Report.

2. **Resolution 4** – Mr Ma Ying Qun will, upon re-election, remain as Executive Director and General Manager of the Company's subsidiary, Shandong Sunsine Chemical Co., Ltd. There are no relationships (including immediate family relationships) between Mr Ma Ying Qun and the other Directors, the Company or its 10% shareholders. Detailed information on Mr Ma can be found under "Board of Directors" and "Corporate Governance Report" in the Company's 2016 Annual Report.

3. **Resolution 7** – Resolution 7, if passed, will empower the Directors to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments. The number of shares which the Directors may issue under this Resolution will not exceed 50% of the issued shares (excluding treasury shares and Subsidiary Holdings) of the Company, with a sub-limit of 20% for issues other than on a *pro rata* basis. For the purpose of determining the aggregate number of shares which may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and Subsidiary Holdings) of the Company at the time that Resolution 7 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible instruments or share options or vesting of share awards which are outstanding at the time that Resolution 7 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares. For the avoidance of doubt, shareholders' approval will be required for any consolidation or subdivision of shares.

4. **Resolution 8** – Resolution 8, if passed, will renew the mandate to allow the Company to purchase or otherwise acquire its issued ordinary shares, on the terms and subject to the conditions set out in the Resolution.

   The Company may use internal or external sources of funds to finance the purchase or acquisition of its ordinary shares. The amount of financing required for the Company to purchase or acquire its ordinary shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on the number of ordinary shares purchased or acquired and the price at which such ordinary shares were purchased or acquired and whether the ordinary shares purchased or acquired are held in treasury or cancelled.

   The financial effects of the purchase or acquisition of such ordinary shares by the Company pursuant to the proposed Share Purchase Mandate on the audited financial statements of the Group and the Company for the financial year ended 31 December 2016, based on certain assumptions, are set out in paragraph 2.8 of the Letter to Shareholders dated 12 April 2017.

   Please refer to the Letter to Shareholders dated 12 April 2017 for more details.

NOTES:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

2. A proxy need not be a member of the Company.

3. 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 fixed for the AGM.

Notice of Annual General Meeting

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over 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 BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed on 12 May 2017, for the purpose of determining shareholders' entitlements to the final (one-tier tax exempt) ordinary dividend of 1 Singapore cent per share and the final (one-tier tax exempt) special dividend of 0.5 Singapore cent per share for the financial year ended 31 December 2016 (collectively, the "**Proposed Dividends**").

Duly completed registrable transfers in respect of the ordinary shares of the Company ("**Shares**") received by the Company's Share Registrar, Tricor 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 11 May 2017 will be registered to determine shareholders' entitlements to the Proposed Dividends. Shareholders whose Securities Accounts with The Central Depository (Pte) Limited are credited with Shares as at 5.00 p.m. on 11 May 2017 will be entitled to the Proposed Dividends.

The Proposed Dividends, if approved by shareholders at the Annual General Meeting to be held on 28 April 2017, will be paid on 24 May 2017.

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)

______________________________ (NRIC No. /Passport No. /Company Registration No.)

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 the person/persons, 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 Bras Basah Room, Level 4, Raffles City Convention Centre, 80 Bras Basah Road, Singapore 189560 on Friday, 28 April 2017 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 and at any adjournment thereof.

No.	Resolutions relating to:	* No. of Votes "For"	* No. of Votes "Against"
1	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2016, together with the Independent Auditor's 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 2016		
3	Re-election of Mr Xu Jun as a Director		
4	Re-election of Mr Ma Ying Qun as a Director		
5	Approval of the payment of Directors' fees of S$142,500 for the financial year ended 31 December 2016		
6	Re-appointment of Messrs Nexia TS Public Accounting Corporation as the Company's Auditor, and to authorise the Directors to fix their remuneration		
7	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		
8	Renewal of Share Purchase Mandate		

* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick (√) within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please insert the relevant number of shares in the boxes provided.

Dated this __________ day of ______________ 2017

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

____
Signature(s) of Member(s) or Common Seal

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 form of proxy 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 the instrument appointing a proxy or proxies if it 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 12 April 2017.

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*
Lim Heng Chong Benny *Lead Independent Director*
Xu Chun Hua *Independent Director*
Koh Choon Kong *Independent Director*

AUDIT COMMITTEE
Koh Choon Kong *Chairman*
Lim Heng Chong Benny
Xu Chun Hua

NOMINATING COMMITTEE
Lim Heng Chong Benny *Chairman*
Xu Chun Hua
Koh Choon Kong

REMUNERATION COMMITTEE
Xu Chun Hua *Chairman*
Lim Heng Chong Benny
Koh Choon Kong

JOINT COMPANY SECRETARIES
Ho Chee Tong *LL.B (Hons) (Singapore)*
Tong Yiping *FCCA 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
DBS Bank Ltd

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)

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
Email: info@ChinaSunsine.com

OUR DISTINGUISHED CLIENTS

www.ChinaSunsine.com

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