Accelerating to New Heights

Annual Report 2014

CHINA SUNSINE CHEMICAL HOLDINGS LTD.

尚舜化工
SUNSINE

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

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Corporate Profile

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

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

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

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

Listed on SGX-ST on 5 July 2007, its SGX and Bloomberg stock code are "ChinaSsine" and "CSSC SP" respectively.

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

Global Markets

NORTH AMERICA

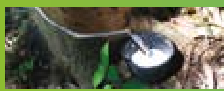
EUROPE
(Italy, Germany, France, Netherlands, Spain, Poland, Hungary, Russia and Slovak)

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

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

Superior Products We Offer

Essential for tires and other rubber-related products



NATURAL / SYNTHETIC RUBBER

- Sticky
- Brittle
- Soft
- Deteriorates quickly

RUBBER ACCELERATOR

VULCANISATION CURING PROCESS

INSOLUBLE SULPHUR

ANTI-OXIDANT

OTHER VULCANISING AGENTS

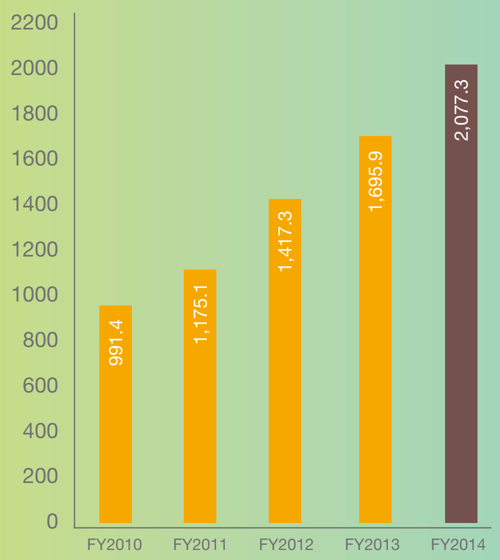
CURED RUBBER

- Harder
- More durable
- Resistant to chemicals
- Smoother surface material

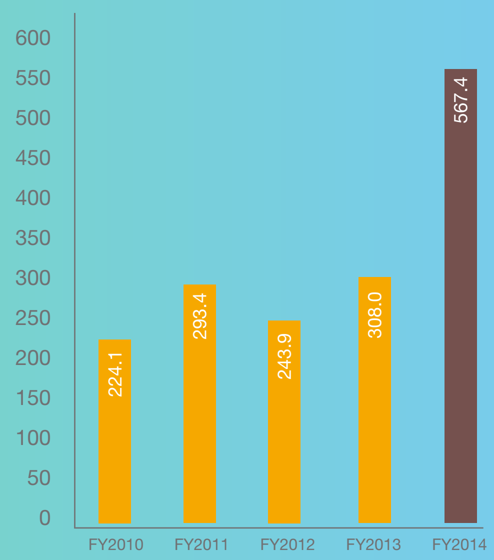
RUBBER PRODUCTS

Financial Highlights

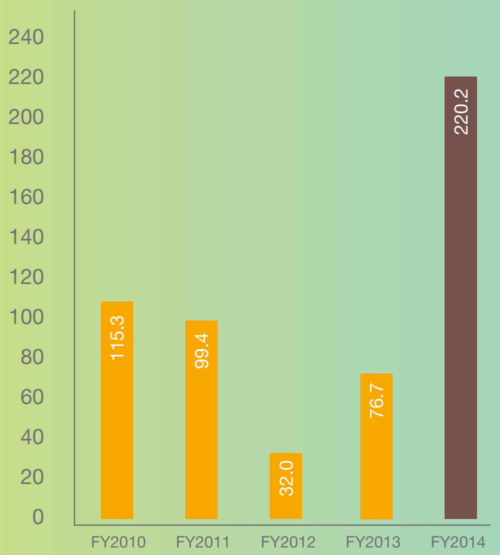
Revenue
RMB' million



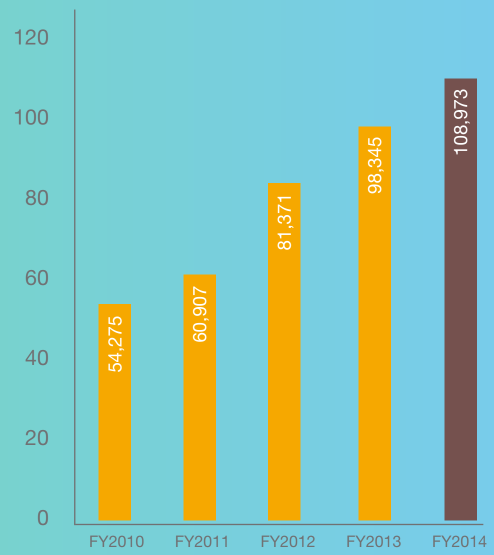
Gross Profit
RMB' million



Net Profit
RMB' million



Sales Volume
Tons



Financial Highlights

As At 31 December (RMB'million)	**2014**	2013	2012	2011 (restated)	2010
Total Assets	**1,638.1**	1,286.8	1,126.0	1,050.1	907.8
Total Liabilities	**626.9**	473.4	365.0	285.3	216.1
Shareholders' Equity	**1,011.2**	813.4	761.0	764.8	691.7
Cash + AFS Investment	**122.8**	107.8	115.3	133.0	180.1
Bank Borrowings	**258.0**	230.0	200.0	140.0	90.0
Treasury Shares	**28.2**	28.2	28.2	14.5	13.0
No. of Shares ('million)					
No. of Ordinary Shares	**465.5**	465.5	465.5	476.1	477.4
No. of Treasury Shares	**26.2**	26.2	26.2	15.6	14.3
For the Year (RMB'million)					
Revenue	**2,077.3**	1,695.9	1,417.3	1,175.1	991.4
Gross Profit	**567.4**	308.0	243.9	293.4	224.1
Net Profit After Tax	**220.2**	76.7	32.0	99.4	115.3
Earnings before interest, tax, depreciation & amortisation (EBITDA)	**406.8**	206.7	132.0	199.6	162.3
Sales Volume (tons)					
Total Volume	**108,973**	98,345	81,371	60,907	54,275
Accelerator	**76,089**	72,710	64,252	50,148	46,343
Insoluble sulphur	**12,102**	11,948	10,724	7,873	4,413
Antioxidant	**19,903**	12,281	5,183	2,061	2,971
Others	**879**	1,406	1,212	825	548
Financial Analysis					
Gross Profit Margin (%)	**27.3%**	18.2%	17.2%	25.0%	22.6%
Net Profit Margin (%)	**10.6%**	4.5%	2.3%	8.5%	11.6%
EBITDA Margin (%)	**19.6%**	12.2%	11.1%	20.9%	16.4%
Current Ratio	**1.7**	1.7	1.9	2.1	2.5
Average YTD Trade Receivables Turnover (Days)	**61**	62	67	66	64
Average YTD Trade Payables Turnover (Days)	**11**	10	9	10	10
Average YTD Inventory Turnover (Days)	**38**	38	45	47	31
Return on Equity (%)	**21.8%**	9.4%	4.2%	13.0%	16.7%
Return on Asset (%)	**13.4%**	6.0%	2.8%	9.5%	12.7%
Debt/Equity Ratio	**0.26**	0.28	0.26	0.18	0.13
Per Share Data					
NAV per Share (RMB cents)	**217.2**	174.7	163.5	160.7	144.9
EPS (RMB cents)	**47.31**	16.49	6.85	20.84	24.14
Dividend Per Share (SGD cents)					
- Interim Dividend	**–**	–	–	–	–
- Final Dividend	**1.5**	1	1	1	1

Dear Shareholders,

On behalf of the Board of Directors of China Sunsine Chemical Holdings Ltd. ("China Sunsine", and together with its subsidiaries, collectively the "Group"), I am delighted to present a sterling set of financial results for the financial year ended 31 December 2014 ("FY2014").

A BLOSSOMING YEAR

FY2014 has been another challenging yet satisfying year for the Group. The main challenge has been the continued dampening effects of the uncertain global economic climate, which weighed on the industry we operate in. China's GDP grew 7.4% last year, its weakest growth in the last 15 years.

In the past year, the rubber chemicals industry was still facing various issues ranging from overcapacity, intense competition, tightened environmental protection policies and volatile market prices. However, the Group was able to deliver a sterling scorecard backed by its implementation of stringent environmental protection standards over the years.

Since 2014, the Chinese government started to enforce stringent environmental protection policies, and a number of factories which failed to meet the environmental standards had to suspend their production. This caused a significant increase of MBT and other accelerators' market price. Riding on the short supply situation and the strong demand for our main product - rubber accelerators, the Group achieved new records, in terms of both top-lines and bottom-lines in FY2014.

During the year, the Group's revenue rose 22% to RMB 2,077.3 million compared to RMB 1,695.9 million in FY2013, largely due to the increase in both overall average selling price ("ASP") and sales volume. The ASP for all products increased by 11% to RMB 19,062 per ton compared to RMB 17,245 per ton in the previous year. Total sales volume grew 11% year-on-year to another record high of 108,973 tons in FY2014. The overall gross profit margin ("GPM") for FY2014 improved 9.1 percentage points from 18.2% in FY2013 to 27.3%, while gross profit grew 84% to RMB 567.4 million.

As a result, the Group's net profit soared 187% to RMB 220.2 million in FY2014 from RMB 76.7 million in FY2013. This translated into earnings per share of RMB 47.31 cents with net asset value per share of RMB 217.23 cents as at 31 December 2014.

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

Being the largest accelerator supplier globally and the biggest insoluble sulphur supplier in the PRC, the Group continues to serve over 700 customers including 65% of the world's top 75 tire makers. Its accelerators' market share continued to grow, this being strongly supported by the Group's increased capacity.

China's auto sales continued to grow 6.9% to another record high of 23.5 million units in 2014 (source: China Association of Automobile Manufacturers). Being the world's second largest auto market and with the increasing purchasing power of the Chinese population, we believe China's auto market will remain robust going forward.

MAJOR DEVELOPMENTS DURING THE YEAR

The Group completed the Guangshun heating plant and commenced commercial production at the end of 2014. This project will not only allow us to satisfy our own needs for steam supply, but will also generate healthy cash-flow and savings to the Group from its operations.

As the anti-oxidant 6PPD product continues to receive accreditation from local customers, the Phase 2 anti-oxidant 6PPD project with

Chairman's Statement

"I am pleased that the Group has achieved record net profits for FY2014, thanks to our persistence in pursuing stringent environmental protection standards over the years. We are well-placed to secure more market share by taking advantage of our scaled-up capacity and quality products and services, to further strengthen our market leadership position."

another 15,000-ton per annum capacity has been completed, bringing the total 6PPD capacity to 30,000-ton per annum.

The expansion of accelerator 4,000-ton MBTS and the re-activated 8,000-ton DCBS facility has also been completed during the year. Thus, the Group's accelerator production capacity reached 87,000-ton per annum, further strengthening our position as the world's biggest accelerator producer.

LOOKING FORWARD

After a great momentum of growth with CAGR of 11.6% from 2009 to 2014, China's auto sales are expected to grow steadily in the next decade. This will definitely indirectly benefit our rubber chemical products which are mainly used in the tire production process.

However, the US's anti-dumping and countervailing measures against China's tire makers as well as the over-capacity and under-utilisation issues faced by the China tire industry may dampen demand for our rubber chemical products.

The new Environmental Protection Law of China has come into force on 1 January 2015. As environmental regulations become increasingly stringent, there may be further consolidation in the rubber chemicals industry in China. However, as more of our competitors adjust to the new regulations and meet compliance standards, the market supply of accelerators will progressively increase. Further, the current international crude oil prices are still in their low levels, which has resulted in our main raw material prices remaining at a low level as well. As a result, our selling prices may increasingly come under pressure.

With scaled-up production base and superior quality and services, the Group remains cautiously positive on the outlook for the next 12 months.

Going forward, the Group will continue to expand its capacity, acquire more market share and focus on technological innovation to further strengthen its market leadership position in order to maintain its competitive advantage in all aspects, such as quality, scale, efficiency, cost savings, environmental protection and marketing etc.

Facing both opportunities and challenges, the Group is well-placed to become stronger and greater in the future.

PROPOSED DIVIDEND

In consideration of the Group's FY2014 results, the Board of Directors has recommended a total dividend of 1.5 Singapore cents per share, subject to shareholders' approval at the forthcoming Annual General Meeting. This proposed quantum comprises a final one-tier tax exempt ordinary dividend of 1 Singapore cent per share plus a final one-tier tax exempt special dividend of 0.5 Singapore cent per share (FY2013: final dividend of 1 Singapore cent per share).

ACKNOWLEGEMENTS

Having experienced exceptional growth in FY2014, on behalf of the Board, I wish to express my sincere thanks to our customers, business partners and suppliers for their continued support throughout the years. I would also like to express my deepest appreciation to our management and staff for their commitment and perseverance in all their daily endeavours, which has contributed to the strengthening of the foundation of the Group.

I would also like to thank the Board of Directors for their invaluable advice and contribution over the course of the year. Together with the trust and support from all our shareholders, I am confident that the Group will continue to make great strides in the year ahead.

Xu Cheng Qiu
Executive Chairman
April 2015

主席致辞

“我很高兴集团2014财年净利创了新高，这主要得益于集团多年来重视环保、实施严格的环保措施而取得的成果。再加上我们的规模优势、品质和服务优势，集团已经做好准备，争取更多的市场份额，保持市场领先优势，进一步做大做强。”

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”，连同所有子公司合称“集团”）董事会，很高兴在此向大家呈报截至2014年12月31日（“2014财年”）所取得的亮眼的成绩单。

绽放的一年

2014财年对集团说是具有挑战同时又有收获的一年。主要的挑战还是世界经济持续放缓。中国的国内生产总值GDP面临下行压力，2014年的增长率为近十五年来最缓慢的，仅为7.4%。

去年，中国的橡胶化学品市场仍然面临着产能过剩、竞争激烈、环保政策收紧、原料和产品价格大幅波动等困难。然而，由于多年来集团一直重视环保，大力投入环保设施，并执行严格的环保标准，使得集团在各种挑战面前脱颖而出，交出了漂亮的成绩单。

从2014年起，中国政府开始实行严格的环保措施，一些未能达到环保要求的企业必须停止生产。这导致了市场上MBT和一些促进剂产品的价格显著上扬。趁着供不应求的形势和市场对我们的主要产品橡胶促进剂的强劲需求，集团在2014财年营业收入和净利润都取得了显著的增长。

2014全年，营业收入提升了22%，从去年同期的16.959亿元（人民币，下同）增加到了今年的20.773亿元，这主要是由于平均销售价格（“ASP”）和销售数量都有所提高；全年所有产品的平均销售价格ASP提高了11%，从2013年的17,245 元/吨增加到19,062元/吨。销售数量也再创新高，同比上升了11%至108,973吨。整体的利润率上扬了9.1个百分点，从2013年的18.2% 升至27.3%；毛利率也上涨了84%至5.674亿元。

集团的净利上扬187%，从2013财年的7,670万元升至2.202亿元。每股盈利则为47.31分；截至2014年12月31日的每股净资产为217.23分。

近几年，集团一直采取灵活的策略来应对市场的强烈竞争，并且在废水废气处理上实施严格的环保措施，以保证集团的持续增长。作为全球最大的促进剂生产商和中国最大的不溶性硫磺生产商，集团继续为超过700家客户提供服务，其中包括世界轮胎生产商首75强中的65%以上的知名企业。集团在促进剂市场的份额也进一步提高。集团产能不断扩大来满足市场不断增长的需求。

中国的汽车销售在2014年持续增长，又再创新高，达到了2,350万辆（资料来源：中国汽车工业协会）。中国是世界第二大的汽车市场，而且随着人民消费水平的提高，我们相信中国的汽车销售市场也仍将保持强劲。

产能扩充

集团的广舜热力厂已建成并于2014年年底投入生产。这个项目不仅可以满足集团本身的蒸汽和电力需求，还能为集团营运带来现金收入和节省开支。

随着集团的防老剂6PPD产品不断获得供应商的认证和认可，集团又增建了另外15,000吨的产能，这样集团的6PPD就达到了年产3万吨的产能规模。

集团在本年度还扩建了4,000吨MBTS的产能，并且重新启用和建成了共8,000吨的DCBS产能设施。因此，集团的促进剂总产能达到了每年87,000吨，进一步巩固了集团作为世界第一大促进剂生产商的市场地位。

未来展望

中国汽车销售这几年蓬勃发展，从2009年至2014年的平均年增长率达11.6%，而且仍将保持持续发展的态势。这将有利于中国橡胶化工品行业，而我们的产品主要运于橡胶轮胎的生产。

然而，中国轮胎行业面临着美国对中国的轮胎厂商实施“双反”压制，再加上国内产能过剩和利用率低的形势，这将会压低对橡胶化工品的需求。

从2015年开始，中国实施新的环保法。随着对环保要求越来越严，中国的橡胶化工品行业也会进一步整合和巩固。更多的商家也会不断地整改以适应新的环保要求，促进剂市场供应也会逐渐增加。另外，国际原油价格一直处在低位，这导致我们的原材料价格也会处在地位。因此，我们产品的销售价格也会面对下跌的压力。

然而，集团凭着规模优势及优质的产品质量和服务，相信能在接下来的一年仍能取得不错的成绩。

今后，集团仍将继续扩大规模，争取更多的市场，并加强技术改造，以在市场中保持保持质量、规模、效率、成本、环保、营销等各方面的优势。

面对困难和挑战，集团已经做好充分准备，争取进一步做大做强。

推荐股息

结合集团在2014财年所取得的成绩，董事会建议派发共每股1.5新分的股息。这包括每股1新分的年终一次性免税普通股息，以及每股0.5新分的一次性免税特别股息。（2013财年为每股1新分年终免税股息）。这个派息计划将在接下来的年度股东大会上讨论通过。

衷心致谢

2014年取得如此辉煌的业绩，我在此代表董事会，对我们的客户、商业伙伴和供应商表示衷心感谢！感谢你们一直以来的陪伴和支持。我也要对集团的管理层和员工表达诚挚的谢意，你们战斗在生产第一线，全心全力、坚持不懈的工作和奉献，为集团今后的发展打下了坚实的基础。

我也要感谢我的董事们，你们对集团的发展提出了宝贵、专业的指导意见。最后，我相信在股东的信任和鼓励下，我有信心集团会进一步努力，追求卓越，创造辉煌！

徐承秋

执行主席

2015年4月

Operations & Financial Review

OUR FINANCIAL PERFORMANCE IN FY2014

Starting from the beginning of FY2014, the Chinese Government has been implementing more stringent environmental protection measures, and as such, a number of players in the rubber chemical industry which failed to meet the relevant environmental regulations were forced to suspend their productions. This resulted in a significant increase in the market price of MBT and other accelerators. Our Group benefited from its continuous efforts in environmental protection, and riding on the short supply situation and strong demand for our main product – rubber accelerators, the Group achieved significant growth in revenue and net profit in FY2014.

Sales volume for FY2014 reached a record high of 108,973 tons, an 11% increase as compared to the sales volume for FY2013. The revenue in FY2014 grew 22% to RMB 2,077.3 million from RMB 1,695.9 million in FY2013. The overall average selling price ("ASP") for all products increased by 11% to RMB 19,062 per ton compared to RMB 17,245 per ton in the previous year.

ANALYSIS OF SALES AND VOLUME

	SALES VOLUME (TONS)			SALES (RMB' MILLION)		
	FY2014	**FY2013**	**Change**	**FY2014**	**FY2013**	**Change**
Accelerators	76,089	72,710	5%	1,614.5	1,343.5	20%
Insoluble sulphur	12,102	11,948	1%	134.4	137.7	(2%)
Anti-oxidant	19,903	12,281	62%	310.8	189.2	64%
Others	879	1,406	(37%)	17.6	25.5	(31%)
Total	**108,973**	**98,345**	**11%**	**2,077.3**	**1,695.9**	**22%**
Domestic Sales	71,459	67,391	6%	1,273.0	1,090.7	17%
International Sales	37,514	30,954	21%	804.3	605.2	33%

During the year, total sales volume increased by 11% from 98,345 tons in FY2013 to 108,973 tons in FY2014 due to short supply situations in the market. The Group continued to increase its domestic market share. International sales also increased mainly due to improved sales to the Asia Pacific countries.

Gross profit increased by 84% from RMB 308.0 million in FY2013 to RMB 567.4 million in FY2014 as sales volume increased and average Gross Profit Margin ("GPM") increased 9.1 percentage points from 18.2% to 27.3%. The increase in GPM was mainly due to the increase in the ASP of our products.

Other operating income decreased from RMB 11.0 million in FY2013 to RMB 6.9 million in FY2014 due mainly to lower selling price of scrap materials.

Selling and distribution expenses increased by 14% from RMB 50.2 million in FY2013 to RMB 57.1 million in FY2014 due mainly to increased sales.

Administrative expenses increased by 49% from RMB 129.2 million in FY2013 to RMB 192.9 million in FY2014 due mainly to increase in staff salaries and bonus by RMB 37.5 million; increase in allowance for impairment on receivables by RMB 3.7 million; allowance for impairment on plant and equipment by RMB 13.3 million; increase in business taxes by RMB 5.3 million and increase in other administrative expense by RMB 3.9 million.

Other operating expenses amounting to RMB 3.8 million consisted mainly of donations to charitable organisations.

Profit before tax ("PBT") increased by 157% from RMB 117.9 million in FY2013 to RMB 302.5 million in FY2014 whilst net profit attributable to shareholders increased by 187% from RMB 76.7 million in FY2013 to RMB 220.2 million in FY2014 due to the increase in revenue and GPM.

Operations & Financial Review

FINANCIAL POSITION REVIEW

Property, plant and equipment increased by RMB 142.8 million from RMB 470.3 million to RMB 613.1 million due mainly to RMB 229.6 million additions in construction in progress and purchases of capital equipment, which were mainly related to building up our new heating plant, Shanxian Guangshun Heating Co., Ltd., less RMB 73.5 million of depreciation and RMB 13.3 million allowance for impairment.

Land use right ("LUR") increased from RMB 25.6 million to RMB 29.5 million mainly due to RMB 4.4 million additions of LUR in our subsidiaries, Shandong Shengtao Chemical Co., Ltd. and Shanxian Guangshun Heating Co., Ltd., less RMB 0.5 million amortisation.

Inventories increased by RMB 24.5 million from RMB 143.5 million to RMB 168.0 million due mainly to increased production as well as increased purchase of raw materials when the prices of raw materials were low in 4QFY2014.

Trade receivables increased by RMB 130.4 million from RMB 479.0 million to RMB 609.4 million due to increase in sales. Trade receivables included notes receivables provided by trade debtors which were promissory notes issued by local banks. Consequently, the risks of non-recoverability of these notes receivables by local banks are significantly lower than those amounts owing by trade debtors. As at 31 December 2014 and 31 December 2013, the notes receivables were RMB 236.4 million and RMB 158.1 million respectively. Excluding the notes receivables, the trade receivables from trade debtors would have increased by RMB 52.1 million from RMB 320.9 million to RMB 373.0 million.

Other receivables increased by RMB 34.6 million from RMB 60.7 million to RMB 95.3 million due mainly to higher advance payments to some suppliers.

Trade payables increased by RMB 7.1 million from RMB 40.7 million to RMB 47.8 million as a result of higher purchases.

Other payables increased by RMB 108.3 million from RMB 155.5 million to RMB 263.8 million due mainly to increase in the outstanding payments to building contractors, higher accruals for social insurances, staff salaries and bonus, as well as higher accrued operating expenses.

Bank loans increased by RMB 28.0 million from RMB 230.0 million to RMB 258.0 million in total, as higher working capital was required for our increased production.

CASH FLOW REVIEW

	FY2014 RMB' MILLION	FY2013 RMB' MILLION	CHANGE RMB' MILLION
Cash generated from operating activities	261.3	132.3	129.0
Cash used in investing activities	(232.9)	(135.8)	(97.1)
Cash (used in)/generated from financing activities	(23.0)	6.7	(29.7)
Net increase in cash and bank balances	5.3	37.9	(32.6)
Cash and bank balances at end of year	122.8	107.8	15.0

Operations & Financial Review

Net cash generated from operating activities increased by RMB 129.0 million from RMB 132.3 million in FY2013 to RMB 261.3 million in FY2014 due mainly to higher operating profit generated as well as increased trade and other payables.

Net cash used in investing activities increased by RMB 97.1 million from RMB 135.8 million in FY2013 to RMB 232.9 million in FY2014 due mainly to the additions in construction in progress and purchases of capital equipment and LUR.

Net cash used in financing activities increased by RMB 29.7 million from RMB 6.7 million net cash generated in FY2013 to RMB 23.0 million net cash used in FY2014 due mainly to bank loans repayment and interest expenses paid.

OPERATIONS REVIEW

During FY2014, the Group has completed the following new and expansion projects:

- New heating plant was completed and commenced its commercial production at the end of the year;
- Completion of Phase 2 Anti-oxidant 6PPD project with another 15,000-ton per annum capacity;
- Completion of expansion of accelerator MBTS with another 4,000-ton per annum capacity;
- Re-activated and built up a new DCBS facility bringing the total capacity of DCBS to 8,000-ton per annum.

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

Tons	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015e
Accelerators	56,500	56,500	66,500	70,500	87,000	87,000
Insoluble Sulphur	10,000	10,000	10,000	20,000	20,000	20,000
Anti-oxidant	10,000	25,000	25,000	25,000	45,000	45,000
Total	**76,500**	**91,500**	**101,500**	**115,500**	**152,000**	**152,000**

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

Group Structure

Board Of Directors

XU CHENG QIU

LIU JING FU

XU JUN

MA YING QUN

XU CHENG QIU

Executive Chairman

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

LIU JING FU

Executive Director / Group Chief Executive Officer

LIU JING FU is our Executive Director and was appointed as the Group Chief Executive Officer in November 2013 to oversee the whole Group's operations and be responsible for the overall strategic planning of the Group. Prior to this appointment, Mr Liu was the General Manager of the Group's key subsidiary, Shandong Sunsine Chemical Co., Ltd. Prior to joining our Group in 2006, he was the deputy chairman of Heze Petroleum Chemical Association and the Deputy Chairman of Heze Electrical, Mechanical and Petrochemical Association. He was honoured the "Shandong Province 8th 5-Year Plan Technological Advancement Outstanding Worker" Award in 1995. Mr. Liu obtained his degree in Chemical Engineering from Shandong Chemical College in 1980, and became a qualified senior engineer in 1993.

XU JUN

Executive Director

XU JUN is our Executive Director and was appointed in November 2013 as the Vice-Chairman of Shandong Sunsine to assist our Chairman, Mr Xu Chengqiu, in the strategic planning, direction and overall management of the subsidiary. He joined the Group in 1998 as the head of the management department. In 2003, he was promoted to assistant General Manager and subsequently became our Deputy General Manager in 2006. Mr. Xu obtained his diploma in Business Administration from Jining University of Technology in 1992 and the ISO9000 Internal Auditor Qualification in 2002.

MA YING QUN

Executive Director

MA YING QUN is our Executive Director and was appointed in November 2013 as the General Manager of Shandong Sunsine. Mr Ma was also concurrently appointed as the General Manager of Weifang Sunsine Chemical, a subsidiary of Shandong Sunsine. He is responsible for overseeing the management and operations of these two subsidiaries. He joined the production departments of Shanxian Chemical in March 1999 and became Deputy General Manager in 2003. He manages the implementation of quality control measures to ensure compliance of the ISO9000 quality management system. He obtained his diploma in International Business Management and Public Relations from Xi'an Electronic Technological University in 1997, received his certification as economist in 2006 and obtained ISO9000 Internal Auditor in 2002.

Board Of Directors


TAN LYE HENG PAUL


LIM HENG CHONG BENNY


XU CHUN HUA


KOH CHOON KONG

TAN LYE HENG PAUL

Lead Independent Director

TAN LYE HENG PAUL is our Lead Independent Director. He is the managing director of CA TRUST PAC, a firm of Chartered Accountants. He has over 20 years of auditing experience including two years as an internal auditor of a large Singapore public listed company. He is active in academia, giving lectures in finance related topics since 1991. He is also an Independent Director of two other Singapore public listed companies. He holds a Master degree in Business Administration from University of Birmingham, UK. He is a fellow of the Association of Chartered Certified Accountants (ACCA) and the Institute of Singapore Chartered Accountants (ISCA) and a full member of Singapore Institute of Directors (SID). He is also an Accredited Tax Advisor of the Singapore Institute of Accredited Tax Professionals (SIATP).

LIM HENG CHONG BENNY

Independent Director

LIM HENG CHONG BENNY is our Independent Director. Mr Lim is presently a partner at ChrisChong & 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 obtained a Bachelor of Laws and a Master of Laws, both from the National University of Singapore, in 1996 and 2000, respectively. He is currently an independent director of two other listed companies in 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 is currently the Principal of Qingdao Rubber Tyre Engineering University. Previously, she was a lecturer in Nanjing Chemical University and she used to work for Beijing Rubber Chemical Research Centre. She is currently serving as Vice President of the China Rubber Industry Association. She has also written various articles for journals and magazines such as Rubber Industry, Synthetic Rubber Industry, as well as compiled handbooks such as the Synthetic Rubber Handbook and Rubber Chemical Practical Handbook. She obtained her degree in High Polymer Chemistry from Fudan University in 1965.

KOH CHOON KONG

Independent Director

KOH CHOON KONG is our Non-Executive Director since 15 November 2009, and was re-designated as an Independent Director on 5 December 2012. He is currently the Group Finance Director of EtonHouse International Education Group. Prior to this role, he has served as Group CFOs of various SGX-listed corporations - EMS Energy Limited, Fuxing China Group Limited, and China Sunsine Chemical which he helped bring through a successful IPO in 2007. He has more than 18 years of corporate finance, accounting and business experience. He is also currently serving as an Independent Non-Executive Director of Oriental Group Ltd, a manufacturer of steel company listed on SGX Catalist board. Mr. Koh graduated from the Nanyang Technological University with a Bachelor of Accountancy and later obtained his Master of Business Administration degree from the University of Manchester. He is a member of the Singapore Institute of Director, a Chartered Accountant of Singapore, as well as a CFA charter holder.

Key Executives

TONG YIPING

XU YU FU

FAN CHANG LING

GENG HE PING

MA YUE BIN

TONG YIPING

Financial Controller

TONG YIPING was appointed as Financial Controller of the Group in October 2013. Mr Tong is responsible for the overall accounting and finance matters of the Group. 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 YU FU

Deputy General Manager

Xu Yu Fu joined our Group in April 2013 and was appointed as Deputy General Manager in charge of the sales and marketing activities in August 2014. Prior to China Sunsine, he was Deputy General Manager of Henan Kailun Chemical Co., Ltd., in charge of the segment of insoluble sulphur. He worked for several tyre makers such as Sayu Tyre and Sanhe Tyre. He graduated from South China University of Technology and obtained his Bachelor degree in 1984. He has almost 30 years experiences in rubber chemical industry.

FAN CHANG LING

Deputy General Manager

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

GENG HE PING

Deputy General Manager

GENG HE PING is our Deputy General Manager (Facilities and Equipment), and is responsible for the management of our facilities and equipment including purchases, installation, testing and maintenance. He joined the Group in 1997 and has over 25 years of experience in equipment technology and management. He rose through the ranks over the years from Section Chief to Assistant General Manager to his current position.

MA YUE BIN

Deputy General Manager

MA YUE BIN is our Deputy General Manager in charge of the business segment of Insoluble Sulphur. In November 2013, he was appointed as General Manager of Sheng Tao to be overall in charge of the general duties and operations of the subsidiary. 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.

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>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 the Management, approve the nominations of the Board of Directors and appointment of key management personnel, as may be recommended by the Nominating Committee;

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

(f) assume responsibility for corporate governance.

Corporate Governance Report

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

The Board meets 4 times a year and as warranted by particular circumstances. Telephonic attendance and conference at Board and Board committee meetings are allowed under the Articles of Association of the Company. The number of Board and Board committee meetings held during FY2014, 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: 2**
NAME OF DIRECTORS	**Meetings Attended**	**Meetings Attended**	**Meetings Attended**	**Meetings Attended**
Xu Cheng Qiu	4	N.A.	N.A.	N.A.
Liu Jing Fu	4	N.A	N.A.	N.A.
Xu Jun	4	N.A.	N.A.	N.A.
Ma Ying Qun	3	N.A.	N.A.	N.A.
Tan Lye Heng Paul	4	4	1	2
Lim Heng Chong Benny	4	4	1	2
Xu Chun Hua	3	3	1	2
Koh Choon Kong	4	4	N.A.	N.A.

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

No new director was appointed by the Company during FY2014. The Company has an orientation program for all new Directors, and the Directors also have the opportunity to visit the Group's operating facilities in the People's Republic of China and meet with the Management to gain a better understanding of the Group's business operations. Directors who are first-time directors, or who have no prior experience as directors of a listed company, also undergo briefings on the roles and responsibilities as directors of a listed company.

The directors are provided with continuing education in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, as well as changes in the relevant provisions of the Singapore Companies Act (Chapter 50) ("**Companies Act**") and listing rules of the SGX-ST, so as to update and refresh them on matters that affect or may enhance their performance as Board or Board committee members.

Corporate Governance Report

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The 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 NC is of the view that based on the Code's definition of an "independent director" and guidance as to relationships, the independent directors are independent.

In addition, the Company has received annual confirmation from each of the independent directors of his or her independence. The Board, taking into account the NC's views, considers each of the independent directors to be independent.

The Board presently comprises 8 directors, of whom 4 are independent directors. The Board is thus able to exercise objective judgement on corporate affairs independently. The nature of the current directors' appointments and membership on the Board committees are as follows:-

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

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

The Board through the NC examines and reviews its structure, size and composition annually and is of the view that its current structure, size and composition is appropriate for effective decision-making, taking into account the nature and scope of the Company's operations. The NC is of the view that no individual or small group of individuals dominates the Board's decision-making process.

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 be effective.

Led by the Lead Independent Director, the independent directors meet regularly without the presence of other directors 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.

Corporate Governance Report

Chairman and Chief Executive Officer

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

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

Currently, the Executive Chairman of the Company is Mr Xu Cheng Qiu. Mr Xu is the founder of the Group and plays a key role in developing the business of the Group and provides the Group with strong leadership and vision. He is responsible for the overall strategic planning and growth of the Group. He also exercises control over the quality, quantity and timeliness of information flow between the Board and Management.

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

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

In line with the recommendations in the Code, Mr Tan Lye Heng Paul has been appointed as the Lead Independent Director of the Company to lead and coordinate the activities of the independent directors and to address the concerns, if any, of the Company's shareholders.

Board Membership

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

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

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

Role of the NC

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

The principal functions of the NC include the following:

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

(b) to review the independence of the directors annually;

(c) to decide whether the director is able to and has been adequately carrying out his duties as director, in particular, where a director has multiple board representations;

(d) to review and make recommendations to the Board on all candidates nominated (whether by the Board, shareholders or otherwise) for appointment to the Board, taking into account the candidate's track record, age, experience, capabilities and other relevant factors;

(e) to identify and nominate candidates for the approval of the Board to fill vacancies in the Board as and when they arise;

(f) to decide how the Board's performance may be evaluated and propose objective performance criteria for the Board's approval; and

(g) to assess the effectiveness of the Board as a whole, and the contribution by each director to the effectiveness of the Board.

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

The NC determines annually whether a director with multiple board representations is able to and has been adequately carrying out his duties as a director of the Company. The NC has taken into account the respective director's actual conduct and effectiveness on the Board, and the time and attention given by each of them to the affairs of the Company, in making this determination, and is satisfied that all the directors having multiple board representations have been able to and have adequately carried out their duties as director. The NC believes that a director's commitment and contributions to the Company, and his attendance at and contributions during Board and Board committee meetings are relevant factors to be taken into consideration in assessing whether a director has adequately discharged his duties, than to adopt a guideline on the number of board representations of a director, and accordingly, the Board has not made a determination of the maximum number of listed company board representations a director may hold, as recommended by the Code.

Process for appointment of new directors

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

(a) The NC evaluates the balance of skills, knowledge and experience on the Board and, in the light of such evaluation and in consultation with Management, prepares a description of the role and the essential and desirable competencies for a particular appointment;

(b) Directors and Management may suggest suitable potential candidates. If necessary, the NC may enlist external help (for example, from the Singapore Institute of Directors, search consultants, advertisements) to source for potential candidates;

(c) The NC assesses suitability of short-listed candidates and discusses with them, if necessary, to ensure that the candidate(s) are aware of the expectations and the level of commitment required; and

(d) The NC makes recommendations to the Board for approval.

Criteria for appointment of new directors

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

(a) Integrity;

(b) Independent mindedness;

(c) Possess core competencies which meet the current needs of the Company and complement the skills and competencies of the existing directors on the Board;

(d) Able to commit time and effort to carry out duties and responsibilities effectively;

(e) Experience in the relevant field of business of the Company or industries in which it operates; and

(f) Financially literate.

Re-appointment of directors

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

The NC has reviewed and recommended the re-election of Mr Liu Jing Fu, Mr Xu Jun and Mr Koh Choon Kong who will be retiring by rotation under Article 104 of the Articles of Association of the Company at the forthcoming AGM.

Directors who are above the age of 70 are also statutorily required under the Companies Act to seek re-appointment at each AGM. Accordingly, the NC has reviewed and recommended the re-appointment of Mr Xu Cheng Qiu and Ms Xu Chun Hua pursuant to Section 153(6) of the Companies Act at the forthcoming AGM.

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

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

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

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

(a)	pages 14 to 15	–	Academic and professional qualifications;
(b)	pages 36 to 37	–	Date of first appointment as director, date of last re-appointment as a director, directorships or chairmanships both present and those held over the preceding 3 years in other listed companies, and other principal commitments, whether appointment is executive or non-executive, or considered by the NC to be independent; and
(c)	page 47	–	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 at the next AGM, and in determining whether directors with multiple board representations are nevertheless able to and have adequately discharged their duties as directors of the Company.

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

Evaluation processes

(a) Board and Board committees

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

(b) Individual directors

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

Corporate Governance Report

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

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

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

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

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

The RC currently comprises entirely independent directors as follows:

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

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

(a) to review and recommend to the Board for endorsement a framework of remuneration for the Executive Chairman, CEO, directors and key management personnel of the Company. The framework will cover all aspects of remuneration, including without limitation, directors' fees, salaries, allowances, bonuses, options, share-based incentives, and benefits-in-kind;

(b) to review the remuneration packages of all managerial staff who are related to any of the executive directors;

(c) in the case of directors' service agreements, to consider what compensation or commitments the directors' service agreement, if any, would entail in the event of early termination; and

(d) to recommend to the Board, in consultation with senior management and the Executive Chairman, any long-term incentive scheme (including share schemes) and to consider the eligibility of directors for benefits under such long term incentive schemes.

The recommendations of the RC would be submitted to the Board for endorsement. Each member of the RC will refrain from voting on any resolution in respect of the assessment of his remuneration. No director will be involved in determining his own remuneration.

The RC has access to expert advice in the field of executive remuneration outside the Company with regards to remuneration matters wherever necessary.

Level and Mix of Remuneration

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

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

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

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

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

Disclosure on Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

Policy in respect of independent directors' remuneration

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

Remuneration policy in respect of executive directors and other key management personnel

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

Level and mix of remuneration of the directors, key management personnel (who are not also directors or the CEO) for FY2014

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 FY2014, are set out in the bands as follows:

Remuneration Band & Name of Directors and CEO	**Salary**	**Bonus**	**Director's fees**	**Other benefits**	**Total Remuneration**	
	%	%	%	%	%	S$'000
S$250,000 and above						
Xu Cheng Qiu	13	87			100	3,093
Below S$250,000						
Liu Jing Fu	99	1	–	–	100	106
Xu Jun	99	1	–	–	100	88
Ma Ying Qun	98	1	–	1	100	100
Tan Lye Heng Paul	–	–	100	–	100	50
Lim Heng Chong Benny	–	–	100	–	100	45
Xu Chun Hua	–	–	100	–	100	45
Koh Choon Kong	–	–	100	–	100	40

Remuneration Band & Name of Executive Officers	**Salary**	**Bonus**	**Other benefits**	**Total**
	%	%	%	%
S$250,000 and above				
Nil				
Below S$250,000				
Tong Yiping	80	7	13	100
Li Song(1)	91	5	4	100
Xu Yu Fu(2)	100	–	–	100
Fan Chang Ling	89	7	4	100
Geng He Ping	89	9	2	100
Ma Yue Bin	89	8	3	100

(1) *Mr Li Song resigned as Deputy General Manager of the Sales and Marketing Department on 20 August 2014*

(2) *Mr Xu Yu Fu, the Deputy General Manager of R&D, was appointed as Deputy General Manager of the Sales and Market Department on 20 August 2014*

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 FY2014 is S$254,000.

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 FY2014. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister or parent.

The Company has no share option plans for FY2014. Accordingly, no share option has been granted to the above directors or key management personnel.

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

(C) ACCOUNTABILITY AND AUDIT

Accountability

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

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

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

Risk Management and Internal Controls

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

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

Corporate Governance Report

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 Financial Controller), 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 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. The risk management system covers, *inter alia*, financial, operational, compliance and information technology controls of the Group. The key risks identified are deliberated by Management, and reported to the RMAC, which is responsible for the effective implementation of risk management strategy, policies and processes within the framework of the ERM programme. The RMAC will also follow up on the actions required to be taken by the Management to mitigate such identified risks. The RMAC also reviews the adequacy and effectiveness of the ERM programme periodically, and reports its findings to the Board at least once a year or as and when new significant risks are identified.

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

Based on the internal control and risk management systems established and maintained by the Group, the work conducted by the internal and external auditors as set out in their respective reports, the review by the AC of the implementation of the recommendations of the internal and external auditors as aforesaid, and the report of the RMAC to the Board, the Board, with the concurrence of AC, is of the opinion that the system of internal controls and risk management procedures maintained by the Management are adequate to meet the needs of the Company in addressing the financial, operational and compliance risks to the Company and the Group as at 31 December 2014.

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

(a) the financial records of the Company for FY2014 have been properly maintained, and the financial statements give a true and fair view of the Company's operations and finances for FY2014; and

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

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

Audit Committee

Principle 12: The Board should establish an AC with written terms of reference which clearly set out its authority and duties.

The AC currently comprises the following directors, all of whom are independent non-executive directors:

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

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

The primary functions of the AC include the following:

(a) to review the financial and operating results and accounting policies of the Group;

(b) to review the scope and results of the audit and its cost effectiveness;

(c) to review the financial statements before their submission to the Board and the external auditors' report on those financial statements;

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

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

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

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

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

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

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

(k) to review interested person transactions to ensure that they are carried out on normal commercial terms and are not prejudicial to the interests of shareholders, and are in compliance with the then prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Listing Manual);

(l) to review the internal audit plan and findings of the internal auditors;

(m) to commission and review the major findings of internal investigations into matters where there is any suspected fraud or irregularity or failure of internal controls or infringement of any relevant law, rule or regulation which has or is likely to have a material impact on the Company's operating results and/or financial position; and

(n) to undertake such other functions and duties as may be required by statute or the Listing Manual and by such amendments made thereto from time to time.

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

In addition, the AC has independent access to the internal auditors and the external auditors, who report independently their findings and recommendations to the AC. The AC met with the external auditors and internal auditors, without the presence of the Management, at least once during the year. The AC also undertook a review of the independence and objectivity of the external auditors through discussions with the external auditors. The aggregate amount of fees paid to the external auditors for FY2014 is S$161,000. No non-audit fees were paid to the external auditors for financial year ended 31 December 2014 which may affect their independence. The Company has complied with the requirements of Rules 712 and 715 of the Listing Manual.

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

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

Corporate Governance Report

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

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

The AC also reviewed the Company's "Whistle-Blower Policy" ("**Policy**") which provides for the mechanisms by which employees and other persons may, in confidence, raise concerns about possible improprieties in financial reporting or other matters, and was satisfied that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action.

Following the launch of the Policy, a set of guidelines which was reviewed by the AC and approved by the Board, was issued to assist the AC in managing allegations of fraud or other misconduct which may be made pursuant to the Policy, so that investigations may be carried out in an appropriate and timely manner, and disciplinary, civil and/or criminal actions that may be initiated following completion of investigations, are appropriate, balanced, and fair. As of to-date, there were no reports received through such mechanism.

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

Internal Audit

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

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

The Company's internal audit functions are out-sourced to Messrs MS Risk Management 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 Financial Controller on administrative matters.

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

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

(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

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

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

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

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

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 2014.

Conduct of Shareholder Meetings

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

Notices of general meetings are despatched to shareholders, together with the annual report or circulars within the time period prescribed by the regulations. If any shareholder is unable to attend, he is allowed to appoint up to 2 proxies to vote on his behalf at the meeting through proxy forms sent in advance. At shareholders' meetings, each distinct issue is proposed as a separate resolution. Shareholders are invited to put forth any questions they may have on the motions tabled and to be decided upon. All directors, in particular, the chairman of each Board committee, are required to be present at general meetings of shareholders to address shareholders' questions. External auditors are also present at such meetings to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

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

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

The results of general meetings are disclosed by way of Company announcement on the SGX-ST. The Company Secretary prepares minutes of shareholders' meetings, which incorporates substantial comments or queries, if any, from shareholders and responses from the Board and Management. These minutes are available to shareholders upon request.

(E) DEALINGS IN SECURITIES

The Group has adopted and implemented policies in line with Rule 1207(19) of the Listing Manual in relation to the dealing of shares of the Company. The policies have been made known to directors, executive officers and any other persons as determined by the Management who may possess unpublished material price-sensitive information of the Group.

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

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

(F) INTERESTED PERSON TRANSACTIONS

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

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

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

There were no IPT conducted during the financial year ended 31 December 2014.

(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	71	Executive Chairman	11 October 2006	29 April 2014	None	None
Liu Jing Fu	63	Executive Director and CEO	18 May 2007	30 April 2012	None	None
Xu Jun	45	Executive Director	18 May 2007	30 April 2012	None	None
Ma YingQun	41	Executive Director	18 May 2007	29 April 2014	None	None
Tan Lye Heng Paul	50	Lead Independent Director	18 May 2007	29 April 2014	Directorship in Other Listed Companies - Sin Ghee Huat Corporation Ltd. - Serial System Ltd Other Principal Commitments - CA Trust PAC - CA Trust Taxation Pte. Ltd. - Yeo Yew Swee PAC - Second Chance Properties Ltd.	Second Chance Properties Ltd.

Corporate Governance Report

Name of Director	Age	Board Appointment Executive/ Non-Executive/ Independent	Date of First Appointment	Date of Last Re-appointment	Current Directorship / Chairmanship in other Listed Companies & Other Principal Commitments	Past (three years) Directorship in other Listed Companies
Lim Heng Chong Benny	44	Independent Director	18 May 2007	29 April 2014	Directorship in other Listed Companies - Ziwo Holdings Ltd - Sysma Holdings Limited Other Principal Commitments - ChrisChong & CT Ho Partnership	None
Xu Chun Hua	72	Independent Director	18 May 2007	29 April 2014	Other Principal Commitments - China Rubber Industry Association Rubber Chemical Commission	None
Koh Choon Kong	44	Independent Director	15 November 2009	29 April 2013	Directorship in other Listed Companies - Oriental Group Ltd	None

Corporate Governance Report

APPENDIX

Code of Corporate Governance
Specific principles and guidelines for disclosure

Relevant Guidelines or Principles	Page Reference in this Annual Report
Guideline 1.3 Delegation of authority, by the Board to any board committee, to make decisions on certain board matters	17-28
Guideline 1.4 The number of meetings of the Board and board committees held in the year, as well as the attendance of every board member at these meetings	18
Guideline1.5 The type of material transactions that require board approval under guidelines	18
Guideline1.6 The induction, orientation and training provided to new and existing directors	18
Guideline 2.3 The Board should identify in the Company's Annual Report each director it considers to be independent. Where the Board considers a director to be independent in spite of the existence of a relationship as stated in the Code that would otherwise deem a director not to be independent, the nature of the director's relationship and the reasons for considering him as independent should be disclosed	19
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	N.A.
Guideline 3.1 Relationship between the Chairman and CEO where they are immediate family members	20
Guideline 4.1 Names of the members of the NC and the key terms of reference of the NC, explaining its role and the authority delegated to it by the Board	20-21
Guideline 4.4 The maximum number of listed company board representations which directors may hold should be disclosed	21
Guideline 4.6 Process for the selection, appointment and re-appointment of new directors to the Board, including the search and nomination process	21-22
Guideline 4.7 Key information regarding directors, including which directors are executive, non-executive or considered by the NC to be independent	36-37

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

Corporate Governance Report

Relevant Guidelines or Principles	Page Reference in this Annual Report
Guideline 9.5 Details and important terms of employee share schemes	28
Guideline 9.6 For greater transparency, companies should disclose more information on the link between remuneration paid to the executive directors and key management personnel, and performance. The annual remuneration report should set out a description of performance conditions to which entitlement to short-term and long-term incentive schemes are subject, an explanation on why such performance conditions were chosen, and a statement of whether such performance conditions are met	27
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	28-30
Guideline 12.1 Names of the members of the AC and the key terms of reference of the AC, explaining its role and the authority delegated to it by the Board	30-31
Guideline 12.6 Aggregate amount of fees paid to the external auditors for that financial year, and breakdown of fees paid in total for audit and non-audit services respectively, or an appropriate negative statement	31
Guideline 12.7 The existence of a whistle-blowing policy should be disclosed in the Company's Annual Report	32
Guideline 12.8 Summary of the AC's activities and measures taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements	31-32
Guideline 15.4 The steps the Board has taken to solicit and understand the views of the shareholders e.g. through analyst briefings, investor roadshows or Investors' Day briefings	33
Guideline 15.5 Where dividends are not paid, companies should disclose their reasons	33

Environmental and Social Performance Statement

For the financial year ended 31 December 2014

Introduction

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

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

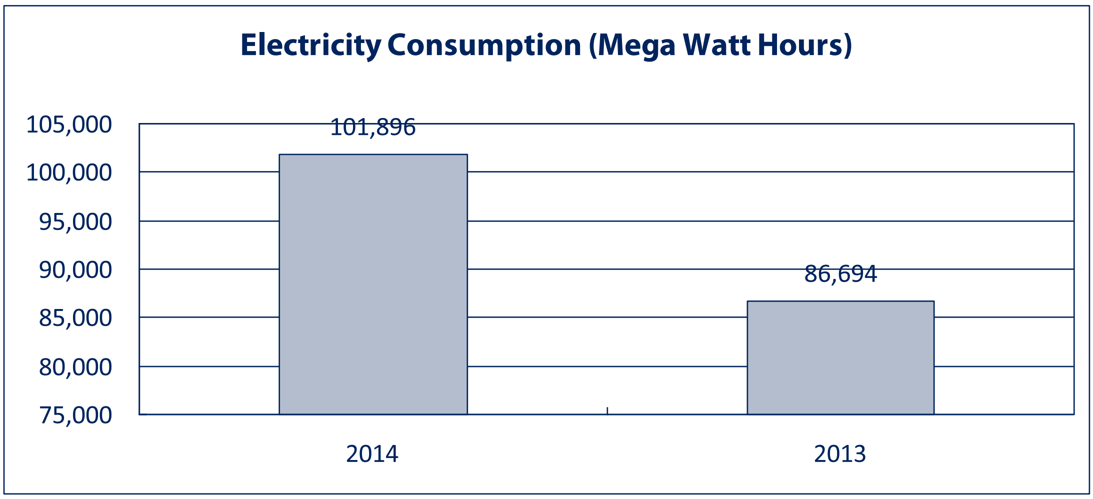
Environmental performance

Commencing from 2014, the Chinese Government has implemented more stringent environmental protection measures, and some of the players in the rubber chemical industry which failed to meet the relevant environmental regulations were forced to suspend their production. The Group has benefited from our continuous efforts and emphasis on environmental protection to achieve a significant growth in 2014. One example of this is that the Group's decision to stop its production of DCBS as DCBS generates highly pollutive waste water during the production process, and the Group only resumed its production when we can finally reached "zero-discharge" of highly pollutive waste water outside the compounds of the factory in 2014 as a result of improved technology.

During the year, electricity, coal and water consumed by the Group increased as compared to 2013, which were mainly driven by the increase in production across its business operations. In 2014, discharge of waste water also increased, and a corresponding increase in the recycling of waste water was also recorded as higher emphasis was being placed on environmental protection. Accordingly, our expenditure on environmental protection increased by 128% as compared to 2013.

1.1 Electricity Consumption

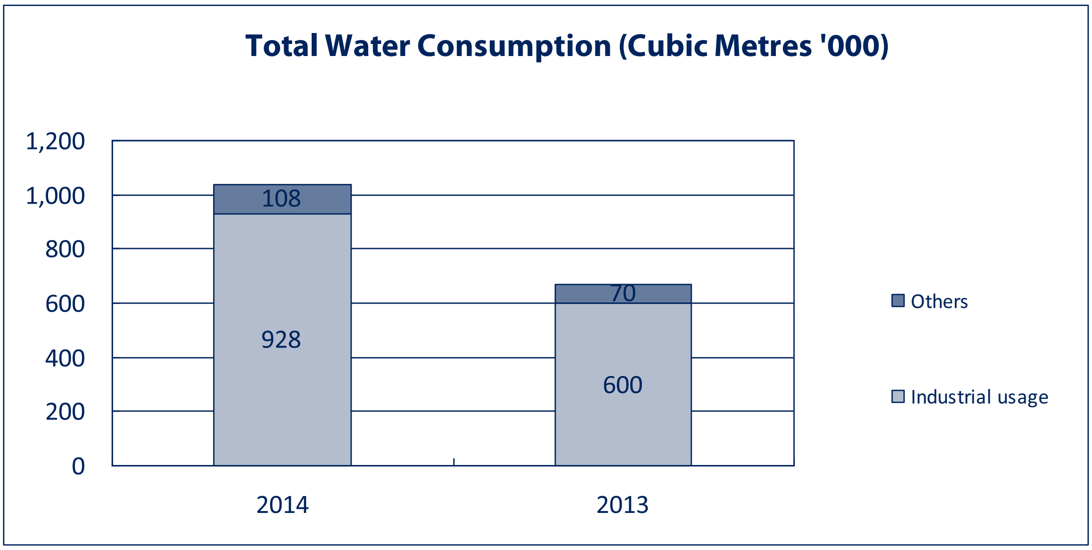
Total electricity consumption in 2014 increased by 17.5% as compared to 2013, due to our increased productions, as well as the establishment of a new subsidiary, Shanxian Guangshun Heating Co., Ltd.



Environmental performance (cont'd)

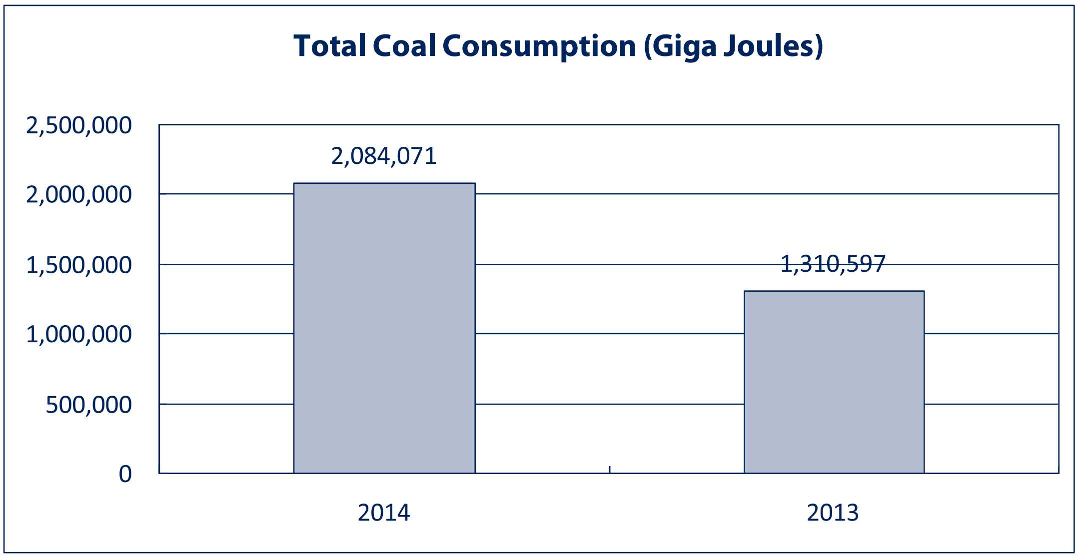
1.2 Water Consumption

Total water consumption increased by 24.4% from 670,000 cubic metres in 2013 to 1,036,000 cubic metres in 2014, due mainly to our new subsidiary, Shanxian Guangshun Heating Co., Ltd, as well as the increased productions of the Group.



1.3 Coal Consumption

Total coal consumption in 2014 increased by 59% as compared to 2013, due to increased production, as well as the establishment of a new subsidiary, Shanxian Guangshun Heating Co., Ltd.

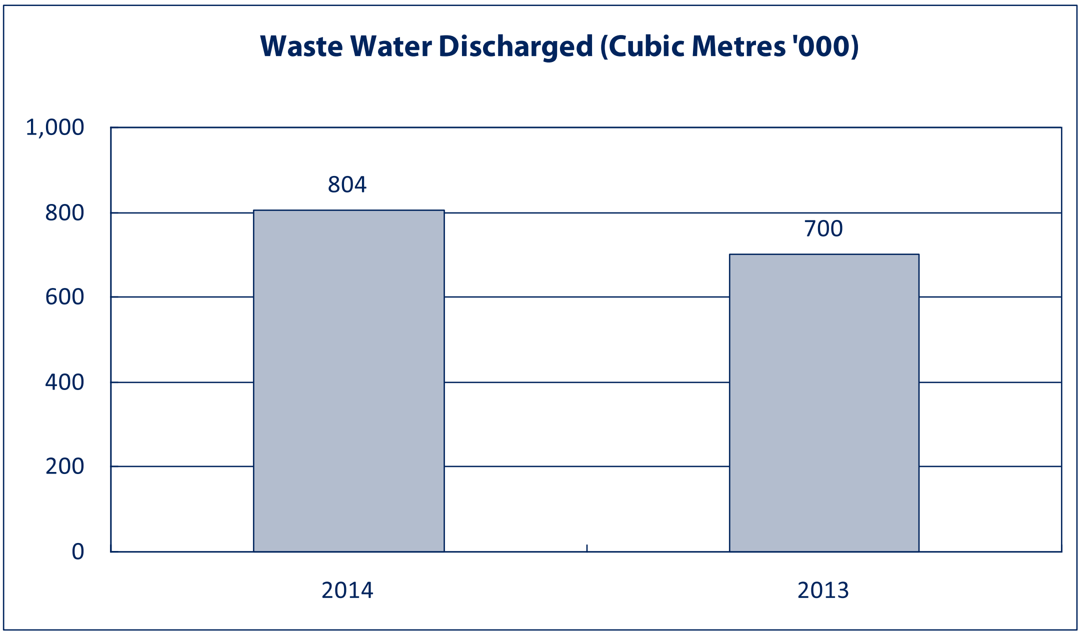


Environmental performance (cont'd)

1.4 Waste Water Management

1.4.1 Waste Water Discharged

Starting from 2013, the Group had introduced a "Cleaner Production" programme. The "Cleaner Production" programme requires the Group to play a pro-active role, through technological innovation, in adopting more advanced production processes and equipment, utilising cleaner raw materials, and enhancing management skills, in order to produce its products in a more effective and energy efficient way, and at the same time, reduce the discharge of the waste. In 2014, although production increased significantly, waste water discharged in 2014 increased by a lesser extent at the rate of 15% to 804,000 cubic metres as compared to 700,000 cubic metres discharged in 2013.



Environmental and Social Performance Statement

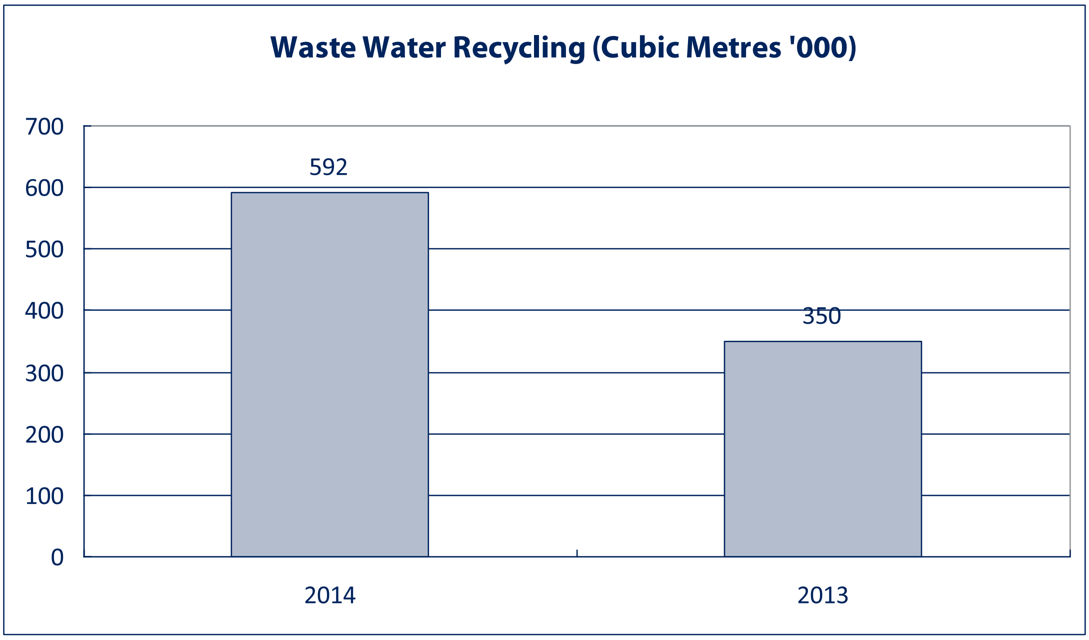
For the financial year ended 31 December 2014

Environmental performance (cont'd)

1.4 Waste Water Management (cont'd)

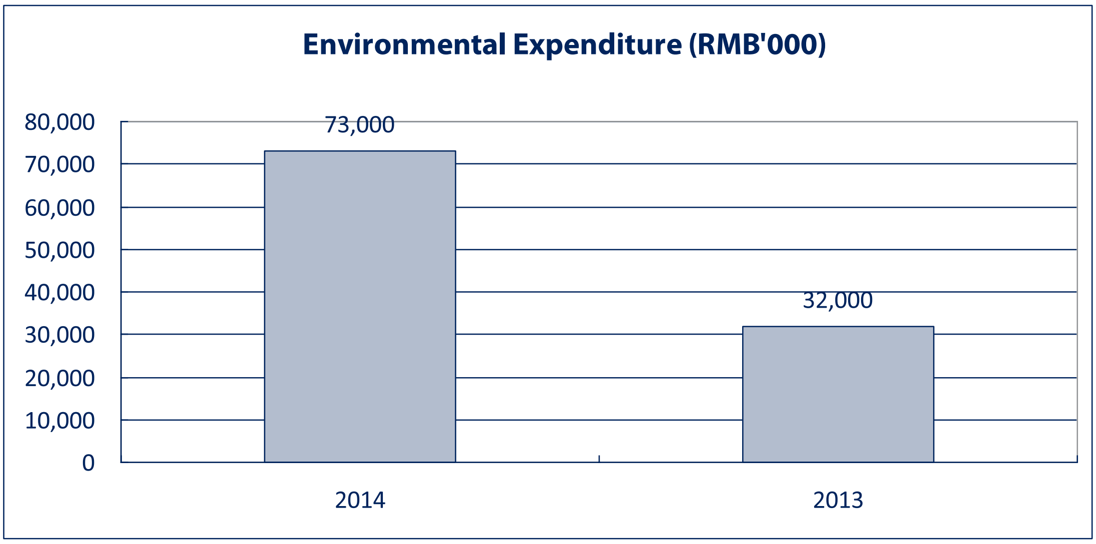
1.4.2 Waste Water Recycling

Recycling of waste water increased by 69% from 350,000 cubic metres in 2013 to 592,000 cubic metres in 2014 due mainly to our subsidiary, Weifang Sunsine Chemical Co., Ltd, investing in a new set of water recycling equipment to save water.



1.5 Environmental Protection Expenditure

Environmental expenditure increased by 128% from RMB 32.0 million in 2013 to RMB 73.0 million in 2014 as the Group placed more emphasis on environmental protection, leading to higher capital expenditure.



Environmental and Social Performance Statement

For the financial year ended 31 December 2014

Social Performance

The Group improved on its social performance in 2014 compared with 2013 by making more donations to support social causes, increasing the diversity of its workforce, as well as the implementing of training programmes to fully educate employees on avoiding or mitigating the risk of workplace accident.

2. Labour Rights and Practices

2.1 Employees

The total number of employees increased to 2,186 in 2013, a 2.4% increase as compared to 2,134 in 2013. The increase was mainly due to the need for more personnel to cope with increased production and new positions in our subsidiary, Shanxian Guangshun Heating Co., Ltd.

The employee turnover increased to 92 persons. The turnover is measured as the number of employees, excluding temporary employees, who left the Group, including those who retired, during the financial year.

	2014	**2013**
No. of employees as at 31 December	2,186	2,134
Turnover in the year	92	84
Training hours	1,351	550

2.1.1 Workforce diversity – employment category by gender

Diversity across the Group with respect to the gender (number of females employed) of skilled labour increased.

	Management (including executive)	**Skilled employee**	**General employee**
2014			
Male	96	183	1,519
Female	13	60	315
2013			
Male	92	188	1,450
Female	15	50	339

Environmental and Social Performance Statement

For the financial year ended 31 December 2014

Social Performance (cont'd)

2. Labour Rights and Practices (cont'd)

2.1 Employees (cont'd)

2.1.2 Workforce diversity – employment category by education

Diversity across the Group with respect to the level of education increased. The percentage of undergraduate employees and higher diploma employees both increased by 1 percentage point as compared to 2013.

	Post graduate	Under graduate	Higher diploma	Diploma	Others	Total
2014						
No of employee	21	253	545	975	392	2,186
Percentage	1%	12%	25%	45%	17%	100%
2013						
No of employee	20	233	505	966	410	2,134
Percentage	1%	11%	24%	45%	19%	100%

2.2 Occupational Health and Safety

2.2.1 Frequency of major occupational injuries

During both 2013 and 2014, there were no occurrence of major occupational injuries as the Group devoted greater attention to its safety production programme. The number of major occupational injuries is measured by the number of major injuries reported for all employees. A major occupational injury is defined as any serious work-related injury to any person, or any injury resulting in damage compensation of more than RMB 50,000, or absence from the workplace for at least 24 hours.

2.2.2 Training and education

Total training hours increased to 1,351 hours in 2014, representing an increase of 146% as compared to 550 hours in 2013. This was due to more training activities being carried out in 2014 on the areas of work safety, environmental protection, quality controls, skill improvement as well as management skills.

3. Donations

(Subsidies to poor students – 2014)

As a former teacher, our Executive Chairman, Mr Xu Chengqiu, is keen to pay back to society, especially on providing financial aid to poor students in order for them to complete their studies. During the year, the Group had donated RMB 3.5 million (2013: RMB 0.7 million) to all kinds of charitable causes, including repairs of county roads and bridges, subsidies to poor students, donation to charitable organisations, etc.

Directors' Report

For the financial year ended 31 December 2014

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2014 and the balance sheet of the Company as at 31 December 2014.

Directors

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

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

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares or debentures

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 31.12.2014	At 1.1.2014	At 31.12.2014	At 1.1.2014
Company				
(No. of ordinary shares)				
Xu Cheng Qiu [(a)]	2,869,000	2,869,000	293,642,550	293,642,550
Liu Jing Fu	720,000	720,000	–	–
Tan Lye Heng Paul	150,000	150,000	–	–
Lim Heng Chong Benny	100,000	100,000	–	–
Koh Choon Kong [(b)]	950,000	950,000	3,226,000	3,226,000
Immediate and Ultimate Holding Company - 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 subsidiaries.

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

The directors' interests in the ordinary shares of the Company as at 21 January 2015 were the same as those as at 31 December 2014.

Directors' Report

For the financial year ended 31 December 2014

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report.

Share options

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

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 subsidiaries.

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

Audit Committee

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

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

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

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2014 before their submission to the Board of Directors, as well as the Independent Auditor's Report on the balance sheet of the Company and the consolidated financial statements of the Group.

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 2015

Statement by Directors

For the financial year ended 31 December 2014

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 53 to 100 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

Xu Cheng Qiu
Director

Liu Jing Fu
Director

24 March 2015

Independent Auditor's Report

To the Members of China Sunsine Chemical Holdings Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of China Sunsine Chemical Holdings Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 53 to 100, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 December 2014, the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

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

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

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

Independent Auditor's Report

To the Members of China Sunsine Chemical Holdings Ltd.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014, and of the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on other Legal and Regulatory Requirements

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

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

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

Singapore

24 March 2015

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
Revenue	4	2,077,272	1,695,940
Cost of sales		(1,509,882)	(1,387,910)
Gross profit		567,390	308,030
Other gains - net	7	6,908	11,039
Expenses			
- Distribution and marketing		(57,078)	(50,184)
- Administrative		(196,676)	(136,331)
- Finance	8	(18,074)	(14,639)
Profit before income tax		302,470	117,915
Income tax expense	9	(82,250)	(41,175)
Net profit		220,220	76,740
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets			
- Fair value losses		–	(26)
Currency translation differences arising from consolidation gains/(losses)		526	(1,197)
Other comprehensive income/(loss), net of tax		526	(1,223)
Total comprehensive income		220,746	75,517
Net profit attributable to:			
Equity holders of the Company		220,220	76,740
Total comprehensive income attributable to:			
Equity holders of the Company		220,746	75,517
Earnings per share for profit attributable to equity holders of the Company (RMB cents per share)			
Basic and diluted earnings per share	10	47.31	16.49

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

Balance Sheets

As at 31 December 2014

	Note	Group 2014 RMB'000	Group 2013 RMB'000	Company 2014 RMB'000	Company 2013 RMB'000
ASSETS					
Current assets					
Cash and bank balances	11	122,790	107,833	4,702	11,517
Available-for-sale financial assets	12	–	–	–	–
Trade and other receivables	13	704,691	539,604	10,677	12,374
Inventories	14	168,030	143,511	–	–
		995,511	790,948	15,379	23,891
Non-current assets					
Investments in subsidiaries	15	–	–	350,010	350,010
Property, plant and equipment	16	613,104	470,257	–	–
Intangible assets	17	29,507	25,640	–	–
		642,611	495,897	350,010	350,010
Total assets		1,638,122	1,286,845	365,389	373,901
LIABILITIES					
Current liabilities					
Trade and other payables	18	311,586	196,224	15,624	4,157
Deferred grants	19	–	8,610	–	–
Borrowings	20	214,000	230,000	–	–
Current income tax liabilities	9	57,283	38,592	1,045	1,175
		582,869	473,426	16,669	5,332
Non-current liabilities					
Borrowings	20	44,000	–	–	–
Total liabilities		626,869	473,426	16,669	5,332
NET ASSETS		1,011,253	813,419	348,720	368,569
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	21	313,471	313,471	313,471	313,471
Treasury shares	21	(28,197)	(28,197)	(28,197)	(28,197)
Other reserves	22	183,907	134,923	(5,618)	(6,144)
Retained profits	23	542,072	393,222	69,064	89,439
Total equity		1,011,253	813,419	348,720	368,569

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

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2014

	Note	Share capital RMB'000	Treasury shares RMB'000	Currency translation reserve RMB'000	Fair value 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
2014										
Beginning of financial year		313,471	(28,197)	(6,458)	–	305	84,047	57,029	393,222	813,419
Transfer to statutory and voluntary reserves		–	–	–	–	–	24,229	24,229	(48,458)	–
Dividends relating to 2013 paid	24	–	–	–	–	–	–	–	(22,912)	(22,912)
Total comprehensive income for the year		–	–	526	–	–	–	–	220,220	220,746
End of financial year		313,471	(28,197)	(5,932)	–	305	108,276	81,258	542,072	1,011,253
2013										
Beginning of financial year		313,471	(28,197)	(5,261)	26	305	71,832	44,815	364,048	761,039
Transfer to statutory and voluntary reserves		–	–	–	–	–	12,215	12,214	(24,429)	–
Dividends relating to 2012 paid	24	–	–	–	–	–	–	–	(23,137)	(23,137)
Total comprehensive (loss)/income for the year		–	–	(1,197)	(26)	–	–	–	76,740	75,517
End of financial year		313,471	(28,197)	(6,458)	–	305	84,047	57,029	393,222	813,419

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
Cash flows from operating activities			
Net profit		220,220	76,740
Adjustments for:			
- Income tax expense		82,250	41,175
- Amortisation, depreciation and impairment		87,344	75,344
- Gain on disposal of property, plant and equipment	5	(71)	(18)
- Government grants	5	(8,610)	(4,949)
- Fair value loss on disposal of available-for-sale financial assets		–	(26)
- Interest income		(1,088)	(1,154)
- Finance expenses	8	18,074	14,639
- Unrealised currency translation losses/(gains)		911	(98)
		399,030	201,653
Change in working capital			
- Inventories		(24,519)	(1,147)
- Trade and other receivables		(165,087)	(96,669)
- Trade and other payables		115,362	59,750
Cash generated from operations		324,786	163,587
Income tax paid	9(b)	(63,519)	(31,262)
Net cash generated from operating activities		261,267	132,325
Cash flows from investing activities			
Additions to property, plant and equipment	16	(229,750)	(146,764)
Additions to intangible assets	17	(4,415)	–
Disposal of available-for-sale financial assets		–	9,769
Disposal of property, plant and equipment		178	47
Interest received		1,088	1,154
Net cash used in investing activities		(232,899)	(135,794)
Cash flows from financing activities			
Grants received	19	–	14,500
Cash deposits restricted in use (pledged in)/released from banks		(10,100)	31,207
Proceeds from short-term borrowings		308,900	275,000
Repayment of short-term borrowings		(280,900)	(245,000)
Interest paid		(18,074)	(14,639)
Dividends paid to equity holders of the Company	24	(22,912)	(23,137)
Net cash (used in)/generated from financing activities		(23,086)	37,931
Net increase in cash and bank balances		5,282	34,462
Cash and bank balances			
Beginning of financial year		105,933	71,849
Effects of currency translation on cash and bank balances		(425)	(378)
End of financial year	11	110,790	105,933

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

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

1 General information

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

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

The principal activity of the Company is that of an investment holding company. The principal activities of its subsidiaries are set out in Note 15.

2 Significant accounting policies

2.1 Basis of preparation

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

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

Interpretations and amendments to published standards effective in 2014

On 1 January 2014, the Group adopted the new or amended FRS and interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years except for the following:

FRS 112 Disclosures of Interests in Other Entities

FRS 112 requires an entity to provide more extensive disclosures regarding the nature of and risks associated with its interest in subsidiaries.

Other than the additional disclosures, the application of FRS 112 has not had any material impact on the amounts recognised in the consolidated financial statements.

2 Significant accounting policies (Cont'd)

2.2 Revenue recognition

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

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectibility 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) Interest income

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

(c) 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 in profit and loss over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

Where the grants relates to an asset, the fair value of the grant is recognised as deferred grants in the balance sheet.

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

2.4 Group accounting

Subsidiaries

(i) Consolidation

Subsidiaries 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

2 Significant accounting policies (Cont'd)

2.4 Group accounting (Cont'd)

Subsidiaries (Cont'd)

(i) Consolidation (Cont'd)

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

(ii) Acquisitions

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

The consideration transferred for the acquisition of a subsidiary 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 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 previously held equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary 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.

2 Significant accounting policies (Cont'd)

2.4 Group accounting (Cont'd)

Subsidiaries (Cont'd)

(iii) Disposals (Cont'd)

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 subsidiaries" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

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 amounts 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.

2 Significant accounting policies (Cont'd)

2.5 Property, plant and equipment (Cont'd)

(b) Depreciation (Cont'd)

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

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

(c) Subsequent expenditure

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

(d) Disposal

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

2.6 Intangible assets

Land use rights

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

2.7 Investments in subsidiaries

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

2 Significant accounting policies (Cont'd)

2.8 Impairment of non-financial assets

Property, plant and equipment
Intangible assets
Investments in subsidiaries

Property, plant and equipment, intangible assets and investments in subsidiaries 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.

2.9 Financial assets

(a) Classification

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

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" (Note 13) and "cash and bank balances" (Note 11) on the balance sheet.

2 Significant accounting policies (Cont'd)

2.9 Financial assets (Cont'd)

(a) Classification (Cont'd)

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

(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

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

(e) Impairment

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

2 Significant accounting policies (Cont'd)

2.9 Financial assets (Cont'd)

(e) Impairment (Cont'd)

(i) 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.

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.9(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

2.10 Borrowings

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

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

2 Significant accounting policies (Cont'd)

2.11 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.

2.12 Fair value estimation of financial assets and liabilities

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

2.13 Leases

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

Lessee – Operating leases

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

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

2.14 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.

2.15 Income taxes

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

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

2 Significant accounting policies (Cont'd)

2.15 Income taxes (Cont'd)

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries 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 balance sheet date; and

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

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

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

2.16 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.

2.17 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.

2 Significant accounting policies (Cont'd)

2.17 Employee compensation (Cont'd)

(b) Defined contribution plans - retirement benefits

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

2.18 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 Dollars. The financial statements are presented in Chinese Renminbi as the functional currency of the Group's operating subsidiaries is Chinese Renminbi.

(b) Transactions and balances

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

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.

2 Significant accounting policies (Cont'd)

2.18 Currency translation (Cont'd)

(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.

2.19 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.

2.20 Cash and bank balances

For the purpose of presentation in the consolidated statement of cash flows, cash and bank balances include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.21 Share capital and treasury shares

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

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

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

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

2 Significant accounting policies (Cont'd)

2.22 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

(a) Income taxes

Significant judgement is required in determining whether items are subject to withholding tax and double taxation relief. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's tax liabilities at 31 December 2014 is RMB 57,283,000 (2013: RMB 38,592,000) as disclosed in Note 9.

(b) Estimated impairment of non-current assets

Intangible assets, property, plant and equipment and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. The recoverable amounts of these assets and, where applicable, cash-generating units ("CGU") have been determined based on value-in-use calculations. These calculations require the use of estimates. An impairment charge of RMB 13,277,000 (2013: RMB nil) on property, plant and equipment arose in the China Rubber Chemicals CGU. The carrying amount of the property, plant and equipment in this CGU at the end of the financial year was RMB 447,541,000 (2013: RMB 417,568,000).

4 Revenue

	Group	
	2014	**2013**
	RMB'000	**RMB'000**
Sales of rubber chemicals	2,077,272	1,695,940

5 Expenses by nature

	Group 2014 RMB'000	Group 2013 RMB'000
Purchases of inventories	1,275,706	1,079,700
Amortisation of intangible assets (Note 17)	548	527
Depreciation of property, plant and equipment (Note 16)	73,519	74,817
Allowance for impairment of property, plant and equipment (Note 16)	13,277	–
Allowance for impairment of trade and other receivables, net (Note 26(b)(ii))	4,527	769
Total amortisation, depreciation and impairment	91,871	76,113
Employee compensation (Note 6)	174,278	137,786
Port charges	9,639	7,196
Transportation expenses	34,715	31,402
Fees on audit services paid/payable to		
- Auditor of the Company	876	580
- Other auditor	46	47
Total audit fees	922	627
Directors' fees	873	792
Changes in inventories	(24,519)	(1,147)
Government grants (Note 19)	(8,610)	(4,949)
Gain on disposal of property, plant and equipment	(71)	(18)
Utilities	117,672	106,690
Other expenses	91,160	140,233
Total cost of sales, distribution and marketing costs, and administrative expenses	1,763,636	1,574,425

6 Employee compensation

	Group 2014 RMB'000	Group 2013 RMB'000
Salaries and wages	147,949	109,978
Employer's contribution to defined contribution plans including Central Provident Fund and pension benefits	26,329	27,808
	174,278	137,786

7 Other gains - net

	Group 2014 RMB'000	Group 2013 RMB'000
Interest income		
- Available-for-sale financial assets	–	223
- Bank deposits	1,088	931
Profit on sale of scrap materials	4,040	9,434
Currency exchange gain – net	144	–
Others	1,636	451
	6,908	11,039

8 Finance expenses

	Group 2014 RMB'000	Group 2013 RMB'000
Interest expense on bank borrowings	18,074	14,639

9 Income tax

(a) Income tax expense

	Group 2014 RMB'000	Group 2013 RMB'000
Tax expense attributable to profit is made up of:		
Profit for the financial year:		
- Current income tax - People's Republic of China	82,250	42,644
Over provision in prior financial years:		
- Current income tax - Singapore	–	(1,469)
	82,250	41,175

9 Income tax (Cont'd)

(a) Income tax expense (Cont'd)

The tax on the Group's profit before 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	
	2014	2013
	RMB'000	RMB'000
Profit before income tax	302,470	117,915
Tax calculated at tax rate of 25% (2013: 25%)	75,617	29,479
Effects of:		
- different tax rates in other countries	(292)	232
- expenses not deductible for tax purposes	4,787	11,193
- income not subject to tax	(1,648)	(216)
- foreign withholding tax	985	1,329
- deferred income tax assets not recognised	2,671	493
- other	130	134
Tax charge	82,250	42,644

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profit is probable. The Group has unrecognised tax losses of RMB 42,162,000 (2013: RMB 34,126,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in Singapore. The tax losses have no expiry date.

(b) Movement in current income tax liabilities

	Group		Company	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Beginning of financial year	38,592	28,536	1,175	2,654
Currency translation differences	(40)	143	(40)	143
Income tax paid	(63,519)	(31,262)	(1,206)	(1,615)
Tax expense in current year	82,250	42,644	1,116	(7)
Over provision in prior financial years	–	(1,469)	–	–
End of financial year	57,283	38,592	1,045	1,175

9 Income tax (Cont'd)

(c) The tax (charge)/credit relating to each component of other comprehensive income is as follows:

	2014			2013		
	Before tax RMB'000	Tax charge RMB'000	After tax RMB'000	Before tax RMB'000	Tax (charge)/ credit RMB'000	After tax RMB'000
Fair value losses on available-for-sale financial assets	–	–	–	(35)	9	(26)
Currency translation differences arising from consolidation of subsidiary	526	–	526	(1,197)	–	(1,197)
Other comprehensive income	526	–	526	(1,232)	9	(1,223)

10 Earnings per share

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

	2014	2013
Net profit attributable to equity holders of the Company (RMB'000)	220,220	76,740
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	465,504	465,504
Basic earnings per share (RMB cents)	47.31	16.49

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

11 Cash and bank balances

	Group		Company	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank and on hand	122,790	107,833	4,702	11,517

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

	Group	
	2014	2013
	RMB'000	RMB'000
Cash and bank balances (as above)	122,790	107,833
Less: Cash restricted in use	(12,000)	(1,900)
Cash and bank balances per consolidated statement of cash flows	110,790	105,933

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

12 Available-for-sale financial assets

	Group		Company	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Beginning of financial year	–	10,347	–	10,347
Currency translation differences	–	(552)	–	(552)
Fair value losses recognised in other comprehensive income (Note 22(b)(ii))	–	(26)	–	(26)
Disposals	–	(9,769)	–	(9,769)
End of financial year	–	–	–	–

The available-for-sale financial assets relate to a SGD 2,000,000 investment in UBS 5Y SGD FTD Note IV. The said financial assets bore interest at 3% per annum and matured on 20 June 2013.

13 Trade and other receivables

	Group		Company	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Notes receivables	236,360	158,065	–	–
Trade receivables				
- Non-related parties	378,408	321,747	–	–
Less: Allowance for impairment of trade receivables	(5,393)	(866)	–	–
Trade receivables - net	373,015	320,881	–	–
Non-trade receivables				
- Subsidiaries	–	–	10,656	12,366
- Non-related parties	31,739	30,389	21	8
	31,739	30,389	10,677	12,374
Less: Allowance for impairment of non-trade receivables – non-related parties	–	–	–	–
	31,739	30,389	10,677	12,374
Advance to suppliers	62,640	30,074		
Prepayments	937	195	–	–
	704,691	539,604	10,677	12,374

Movement of allowance for impairment of other receivables:

	Group	
	2014	2013
	RMB'000	RMB'000
Beginning of financial year	–	50
Reversal for impairment of non-trade receivables	–	(50)
End of financial year	–	–

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

14 Inventories

	Group	
	2014	2013
	RMB'000	RMB'000
Raw materials	92,185	79,938
Finished goods	74,654	59,640
Packing materials	1,191	3,933
	168,030	143,511

The cost of inventories recognised as an expense and included in "cost of sales" amounted to RMB 1,251,187,000 (2013: RMB 1,078,553,000).

15 Investments in subsidiaries

	Company 2014 RMB'000	Company 2013 RMB'000
Equity investments at cost		
Beginning and end of financial year	350,010	350,010

The Group had the following subsidiaries as at 31 December 2014 and 2013:

Name	Principal activities	Country of business/ incorporation	Equity holding 2014 %	Equity holding 2013 %
Held by Company				
Shandong Sunsine Chemical Co.,Ltd. [(a)]	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. [(c)]	Manufacturing and sale or rubber chemicals, including insoluble sulphur	People's Republic of China	100	100
Shanxian Sunsin Hotel Management Co., Ltd. [(d)]	Hotel investment and management (dormant)	People's Republic of China	100	100
Shanxian Guangshun Heating Co., Ltd. [(e)]	Production and supply of heating power, including preparation and implementation of the project	People's Republic of China	100	100

15 Investments in subsidiaries (Cont'd)

(a) Audited by Shan Dong He Hua United Certified Public Accounts Co., Ltd for local statutory purposes. For the purposes of preparing the consolidated financial statements of the Group, these financial statements have been audited by Nexia TS Public Accounting Corporation.

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

(c) On 27 October 2014, its registered and paid up capital increased from RMB 20 million to RMB 80 million through capital injection from its immediate holding company, Shandong Sunsine Chemical Co., Ltd. For the purposes of preparing the consolidated financial statements of the Group, these financial statements have been audited by Nexia TS Public Accounting Corporation.

(d) The company was dormant during the financial year. For the purposes of preparing the consolidated financial statements of the Group, these financial statements have been audited by Nexia TS Public Accounting Corporation.

(e) On 22 October 2014, its registered and paid up capital increased from RMB 10 million to RMB 150 million through capital injection from its immediate holding company, Shandong Sunsine Chemical Co., Ltd. For the purposes of preparing the consolidated financial statements of the Group, these financial statements have been audited by Nexia TS Public Accounting Corporation.

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 subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

Significant restrictions

Cash and short-term deposits of RMB 118,088,000 (2013: RMB 96,316,000) 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	Building RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Assets under construction RMB'000	Total RMB'000
Group						
2014						
Cost						
Beginning of financial year	376,679	234,070	8,941	10,219	75,188	705,097
Additions	24,560	4,448	1,246	19,497	179,999	229,750
Reclassification	80,082	77,034	–	–	(157,116)	–
Disposals	–	–	(1,514)	–	–	(1,514)
End of financial year	481,321	315,552	8,673	29,716	98,071	933,333
Accumulated depreciation and impairment losses						
Beginning of financial year	181,383	43,643	4,558	5,256	–	234,840
Depreciation charge (Note 5)	53,307	17,262	993	1,957	–	73,519
Impairment loss [(a)] (Note 5)	6,286	6,863	128	–	–	13,277
Disposals	–	–	(1,407)	–	–	(1,407)
End of financial year	240,976	67,768	4,272	7,213	–	320,229
Net book value						
End of financial year	240,345	247,784	4,401	22,503	98,071	613,104

16 Property, plant and equipment (Cont'd)

	Plant and machinery RMB'000	Building RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Assets under construction RMB'000	Total RMB'000
Group						
2013						
Cost						
Beginning of financial year	317,254	206,040	7,752	9,175	19,345	559,566
Additions	12,744	3,680	1,348	704	128,288	146,764
Grants received (Note 19)	–	–	–	–	(941)	(941)
Reclassification	46,681	24,350	133	340	(71,504)	–
Disposals	–	–	(292)	–	–	(292)
End of financial year	376,679	234,070	8,941	10,219	75,188	705,097
Accumulated depreciation						
Beginning of financial year	123,169	29,615	3,877	3,625	–	160,286
Depreciation charge (Note 5)	58,214	14,028	944	1,631	–	74,817
Disposals	–	–	(263)	–	–	(263)
End of financial year	181,383	43,643	4,558	5,256	–	234,840
Net book value						
End of financial year	195,296	190,427	4,383	4,963	75,188	470,257

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

17 Intangible assets

	Group 2014 RMB'000	Group 2013 RMB'000
Land use rights		
Cost		
Beginning of financial year	34,104	34,104
Additions	4,415	–
End of financial year	38,519	34,104
Accumulated amortisation and impairment losses		
Beginning of financial year	8,464	7,937
Amortisation charge (Note 5)	548	527
End of financial year	9,012	8,464
Net book value		
End of financial year	29,507	25,640

Land use rights relate to the following parcels of lands:

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	NA[(3)]	80,492
Economic and Technological Development Zone, Shanxian	NA[(4)]	46,175
		126,667

17 Intangible assets (Cont'd)

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

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

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

(4) During the financial year, Guangshun had undergone all the necessary procedures in order to obtain the land use rights certificates, and has reached the final step – waiting for the land use rights certificates to be issued by Shanxian County Government. As at the date of authorisation of these financial statements, Guangshun has yet to receive the land use rights certificates from Shanxian Country Government. Accordingly, the expiry date of the land use rights cannot be ascertained.

18 Trade and other payables

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
		(Restated)		
Trade payables - Non-related parties	47,828	40,706	–	–
Non-trade payables - Non-related parties	148,130	86,110	27	67
Accruals for operating expenses	115,628	69,408	15,597	4,090
	311,586	196,224	15,624	4,157

19 Deferred grants

	Group	
	2014	2013
	RMB'000	RMB'000
Beginning of financial year	8,610	–
Amount received from governmental agencies	–	14,500
Recognised in profit and loss during the financial year (Note 5)	(8,610)	(4,949)
Deducted against assets during the financial year (Note 16)	–	(941)
End of financial year	–	8,610

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

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

20 Borrowings

	Group	
	2014	2013
	RMB'000	RMB'000
Current		
Bank borrowings – unsecured [(a)]	190,000	130,000
Bank borrowings – secured [(b)]	20,000	100,000
Bank borrowings – secured [(c)]	4,000	–
	214,000	230,000
Non-current		
Bank borrowings – unsecured [(c)]	44,000	–
Total borrowings	258,000	230,000

(a) The short-term borrowings are unsecured and repayable within the next twelve months which bears effective interest rate at 5.89% (2013: 5.93%).

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

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

20 Borrowings (Cont'd)

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

	Group	
	2014	2013
	RMB'000	RMB'000
6 months or less	170,000	100,000
6 – 12 months	44,000	130,000
1 – 5 years	44,000	–
	258,000	230,000

Fair value of non-current borrowings

	Group		Company	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings	36,525	–	–	–

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

	Group		Company	
	2014	2013	2014	2013
Bank borrowings	6.15%	–	–	–

21 Share capital and treasury shares

(a) Share capital

	No. of ordinary shares	Amount SGD'000	Amount RMB'000
Group and Company			
2014			
Beginning and end of financial year	491,694,000	62,649	313,471
2013			
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			
2014			
Beginning and end of financial year	26,190,000	(5,792)	(28,197)
2013			
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.

22 Other reserves

	Group 2014 RMB'000	Group 2013 RMB'000	Company 2014 RMB'000	Company 2013 RMB'000
(a) Composition:				
Merger reserve	305	305	–	–
Fair value reserve	–	–	–	–
Statutory common reserve	108,276	84,047	–	–
Voluntary common reserve	81,258	57,029	–	–
Currency translation reserve	(5,932)	(6,458)	(5,618)	(6,144)
	183,907	134,923	(5,618)	(6,144)

22 Other reserves (Cont'd)

(b) Movements:

	Group		Company	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
(i) Merger reserve				
Beginning and end of financial year	305	305	–	–
(ii) Fair value reserve				
Beginning of financial year	–	26	–	26
Available-for-sale financial assets				
- Fair value losses	–	(26)	–	(26)
End of financial year	–	–	–	–
(iii) Statutory common reserve				
Beginning of financial year	84,047	71,832	–	–
Transfer from retained profits	24,229	12,215	–	–
End of financial year	108,276	84,047	–	–
(iv) Voluntary common reserve				
Beginning of financial year	57,029	44,815	–	–
Transfer from retained profits	24,229	12,214	–	–
End of financial year	81,258	57,029	–	–
(v) Currency translation reserve				
Beginning of financial year	(6,458)	(5,261)	(6,144)	(4,947)
Net currency translation differences of financial statements of holding company	526	(1,197)	526	(1,197)
End of financial year	(5,932)	(6,458)	(5,618)	(6,144)

Other reserves are non-distributable.

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.

Fair value reserve

Fair value reserve included the cumulative net change in the fair value of available-for-sale financial assets until they were derecognised.

22 Other reserves (Cont'd)

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 Subsidiaries, the subsidiaries 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 profit after tax 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 is allowed to appropriate a minimum of 10% of the net profit after tax reported in the statutory accounts to the voluntary common reserve which serves as staff welfare fund until the balance of such reserve reached 50% of its registered share capital.

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

23 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	
	2014 RMB'000	2013 RMB'000
Beginning of financial year	89,439	88,890
Dividends paid (Note 24)	(22,912)	(23,137)
Total comprehensive income for the year	2,537	23,686
End of financial year	69,064	89,439

24 Dividends

	Group	
	2014	2013
	RMB'000	RMB'000
Ordinary dividends paid		
Final dividend paid in respect of the previous financial year of SGD 0.01 (2013: SGD 0.01) per share (Note 23)	22,912	23,137

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 2015. 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 2015 and have not been included as a liability in these financial statements. The proposed dividends are payable to all shareholders on the Register of Members at the books closure date which will be decided at a later date. The total estimated dividend to be paid is SGD 6,982,560 (equivalent to RMB 32,384,000).

25 Commitments

(a) Capital commitments

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

	Group	
	2014	2013
	RMB'000	RMB'000
Property, plant and equipment	4,044	83,534

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

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

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

	Group and Company	
	2014	2013
	RMB'000	RMB'000
Not later than one year	49	147
Between one and five years	–	49
	49	196

26 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 detail 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.

26 Financial risk management (Cont'd)

(a) Market risk (Cont'd)

(i) Currency risk (Cont'd)

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

26 Financial risk management (Cont'd)

(a) Market risk (Cont'd)

(i) Currency risk (Cont'd)

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 2013					
Financial Assets					
Cash and cash balances	76,597	16,771	2,948	11,517	107,833
Trade and other receivables	433,097	74,028	2,202	8	509,335
Receivables from inter-company	119,788	–	–	12,366	132,154
	629,482	90,799	5,150	23,891	749,322
Financial Liabilities					
Trade and other payables	(190,412)	(1,655)	–	(4,157)	(196,224)
Borrowings	(230,000)	–	–	–	(230,000)
Payables to inter-company	(119,788)	–	–	(12,366)	(132,154)
	(540,200)	(1,655)	–	(16,523)	(558,378)
Net financial assets	89,282	89,144	5,150	7,368	190,944
Add: Net non-financial assets/(liabilities)	623,650	–	–	(1,175)	622,475
Net assets	712,932	89,144	5,150	6,193	813,419
Less: Net financial liabilities denominated in the respective entities functional currencies	(89,282)	–	–	(7,368)	(96,650)
Currency exposure	–	89,144	5,150	–	94,294

26 Financial risk management (Cont'd)

(a) Market risk (Cont'd)

(i) Currency risk (Cont'd)

If the USD and EUR change against the RMB by 1% (2013: 3%) and 11% (2013: 1%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follow:

	Increase/(decrease) Group	
	2014	2013
	Profit after tax	Profit after tax
	RMB'000	RMB'000
USD against RMB		
- Strengthened	604	2,006
- Weakened	(604)	(2,006)
EUR against RMB		
- Strengthened	48	39
- Weakened	(48)	(39)

(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% (2013: 10%) with all other variables including tax rate being held constant, the effects on net profit will be RMB 30,020,000 (2013: RMB 30,078,000) lower/higher.

(iii) Cash flow and fair value interest rate risks

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

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

If the interest rates had been higher/lower by 10% (2013: 10%) with all other variables including tax rate being held constant, the profit after tax would have been lower/higher by RMB 1,147,000 (2013: RMB 1,023,000) as a result of higher/lower interest expense on these borrowings.

26 Financial risk management (Cont'd)

(b) Credit risk

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

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

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

The trade receivables of the Group comprise of one debtor (2013: nil 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:

	2014 RMB'000	2013 RMB'000
By geographical areas		
People's Republic of China	310,055	244,651
Overseas market	62,960	76,230
	373,015	320,881
By types of customers		
Non-related parties	373,015	320,881

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

Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

26 Financial risk management (Cont'd)

(b) Credit risk (Cont'd)

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

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

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

	2014 RMB'000	**2013 RMB'000**
Past due < 3 months	32,115	14,009
Past due 3 to 6 months	516	764
Past due over 6 months	–	–
	32,631	14,773

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

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

	2014 RMB'000	**2013 RMB'000**
Trade receivables	5,393	866
Less: Allowance for impairment of receivables	(5,393)	(866)
	–	–
Beginning of financial year	(866)	(47)
Allowance made	(4,751)	(866)
Reversal of impairment	224	47
End of financial year	(5,393)	(866)

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

26 Financial risk management (Cont'd)

(c) Liquidity risk

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

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

At the end of the reporting period, all the liabilities of the Group are due within one year, except for non-current bank borrowings. The Group monitors working capital projections regularly, taking into account the available banking facilities to ensure that the Group has adequate working capital to meet current requirement.

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

	Less than 1 year RMB'000	**Between 1 to 2 years RMB'000**	**Between 2 and 5 years RMB'000**
Group			
At 31 December 2014			
Trade and other payables	311,586	–	–
Borrowings	214,000	4,628	48,386
At 31 December 2013			
Trade and other payables	196,224	–	–
Borrowings	230,000	–	–
Company			
At 31 December 2014			
Trade and other payables	15,624	–	–
At 31 December 2013			
Trade and other payables	4,157	–	–

26 Financial risk management (Cont'd)

(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.

	2014 RMB'000	2013 RMB'000
Net debt	446,796	318,391
Total equity	1,011,253	813,419
Total capital	1,458,049	1,131,810
Gearing ratio	0.31	0.28

The Group is in compliance with all externally imposed capital requirements for the financial years ended 31 December 2014 and 2013.

(e) Fair value measurements

The carrying amount less impairment provision 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.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in Note 12 to the financial statements, except for the following:

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Loans and receivables	763,904	617,168	15,379	23,891
Financial liabilities measured at amortised cost	569,586	426,224	15,624	4,157

27 Related party transactions

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

	Group	
	2014 RMB'000	2013 RMB'000
Salaries and wages	17,586	4,259
Directors' fee	873	792
Employer's contribution to defined contribution plans	66	109
	18,525	5,160

Included in the above is total compensation to directors of the Company amounting to RMB 17,293,000 (2013: RMB 3,853,000).

28 Segment information

Business Segment

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.

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

	Rubber Chemicals RMB'000	Heating Power RMB'000	Others RMB'000	Total RMB'000
2014				
Sales				
Total segment sales	2,652,303	15,947	2,618	2,670,868
Inter-segment sales	(575,031)	(15,947)	(2,618)	(593,596)
Sales to external parties	2,077,272	–	–	2,077,272
Adjusted EBITDA	424,773	1,650	(19,623)	406,800
Depreciation	(72,702)	(817)	–	(73,519)
Amortisation	(548)	–	–	(548)
Segment assets	1,400,482	232,911	4,729	1,638,122
Segment liabilities	527,903	82,297	16,669	626,869

28 Segment information (Cont'd)

Business Segment (Cont'd)

	Rubber Chemicals RMB'000	Heating Power RMB'000	Others RMB'000	Total RMB'000
2013				
Sales				
Total segment sales	2,216,439	–	2,672	2,219,111
Inter-segment sales	(520,499)	–	(2,672)	(523,171)
Sales to external parties	1,695,940	–	–	1,695,940
Adjusted EBITDA	212,289	(49)	(5,496)	206,744
Depreciation	(74,817)	–	–	(74,817)
Amortisation	(527)	–	–	(527)
Segment assets	1,193,307	62,011	31,527	1,286,845
Segment liabilities	416,129	51,965	5,332	473,426

The Board of Directors 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 tax is as follows:

	2014 RMB'000	2013 RMB'000
Adjusted EBITDA for reportable segments	406,800	206,744
Depreciation	(73,519)	(74,817)
Impairment loss on property, plant and equipment	(13,277)	–
Amortisation	(548)	(527)
Finance expense	(18,074)	(14,639)
Interest income	1,088	1,154
Profit before income tax	302,470	117,915

28 Segment information (Cont'd)

(a) Reconciliations (Cont'd)

(ii) Segment assets

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

	2014 RMB'000	2013 RMB'000
Segment assets for reportable segments	1,638,122	1,286,845

(iii) Segment liabilities

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

	2014 RMB'000	2013 RMB'000
Segment liabilites for reportable segments	626,869	473,426

(b) Geographical Segment

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

	Revenue		Non-current assets	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Group				
People's Republic of China	1,273,035	1,090,659	642,611	495,897
Rest of Asia	507,023	320,667	–	–
America	143,659	131,942	–	–
Europe	95,615	66,430	–	–
Other countries	57,940	86,242	–	–
	2,077,272	1,695,940	642,611	495,897

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

29 Prior year reclassifications

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with current year's financial statements. The reclassification related to the following:

	As previously reported RMB'000	After reclassification RMB'000	Difference RMB'000
Trade payables – Non-related parties	(63,155)	(40,706)	22,449
Non-trade payables – Non-related parties	(63,661)	(86,110)	(22,449)

The above reclassifications have no material effect on the information in the balance sheet at the beginning of the preceding period.

30 New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2015 or later periods and which the Group has not early adopted:

- Amendments to FRS 19: Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014)
- Amendment to FRS 102: Share-based payment (effective for annual periods beginning on or after 1 July 2014)
- Amendments to FRS 103: Business Combinations (effective for annual periods beginning on or after 1 July 2014)
- Amendments to FRS 108: Operating Segments (effective for annual periods beginning on or after 1 July 2014)
- Amendment to FRS 16: Property, Plant and Equipment (effective for annual periods beginning on or after 1 July 2014)
- Amendment to FRS 24: Related Party Disclosures (effective for annual periods beginning on or after 1 July 2014)
- Amendment to FRS 38: Intangible Assets (effective for annual periods beginning on or after 1 July 2014)
- Amendments to FRS 113: Fair Value Measurement (effective for annual periods beginning on or after 1 July 2014)
- Amendment to FRS 40: Investment Property (effective for annual periods beginning on or after 1 July 2014)
- FRS 114: Regulatory Deferral Accounts (effective for annual periods beginning on or after 1 January 2016)
- Amendments to FRS 1: Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016)

30 New or revised accounting standards and interpretations (Cont'd)

- Amendments to FRS 27: Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016)
- Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016)
- Amendments to FRS 16 and FRS 41: Agriculture: Bearer Plants (effective for annual periods beginning on or after 1 January 2016)
- Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016)
- Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after 1 January 2016)
- Amendments to FRS 110, FRS 112 and FRS 28: Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016)
- Amendments to FRS 105: Non-current Assets Held for Sale and Discontinued Operations (effective for annual periods beginning on or after 1 January 2016)
- Amendments to FRS 107: Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 January 2016)
- Amendment to FRS 19: Employee Benefits (effective for annual periods beginning on or after 1 January 2016)
- Amendment to FRS 34: Interim Financial Reporting (effective for annual periods beginning on or after 1 January 2016)
- FRS 115: Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2017)
- FRS 109: Financial Instruments (effective for annual periods beginning on or after 1 January 2018)

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

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 2015.

Statistics of Shareholdings

As at 18 March 2015

SHARE CAPITAL

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

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
No. of ordinary shares held				
1 – 99	0	0	0	0
100 – 1,000	37	2.79	35,636	0.01
1,001 – 10,000	549	41.40	3,448,300	0.74
10,001 – 1,000,000	713	53.77	59,228,900	12.72
More than 1,000,000	27	2.04	402,791,164	86.53
Grand Total	**1,326**	**100.00**	**465,504,000**	**100.00**

TWENTY LARGEST ORDINARY SHAREHOLDERS

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

No.	Name of Shareholders	No. of Shares	%
1.	SUCCESS MORE GROUP LIMITED	293,642,550	63.08
2.	CHIA KEE KOON	18,565,000	3.99
3.	ASTRONOMIC CAPITAL GROUP INC	11,257,762	2.42
4.	HL BANK NOMINEES (S) PTE LTD	10,800,800	2.32
5.	STONE ROBERT ALEXANDER	10,400,000	2.23
6.	XU XIANLEI	7,639,000	1.64
7.	BANK OF SINGAPORE NOMINEES PTE LTD	7,596,000	1.63
8.	ABN AMRO NOMINEES SINGAPORE PTE LTD	7,330,000	1.57
9.	DBS NOMINEES PTE LTD	3,652,462	0.78
10.	XU CHENGQIU	2,869,000	0.62
11.	EE HOCK LEONG LAWRENCE	2,774,400	0.60
12.	MAYBANK NOMINEES (S) PTE LTD	2,294,000	0.49
13.	YEO KHEE CHYE	2,230,000	0.48
14.	RAFFLES NOMINEES (PTE) LTD	2,197,500	0.47
15.	UNITED OVERSEAS BANK NOMINEES PRIVATE LIMITED	2,028,300	0.44
16.	DBS VICKERS SECURITIES (S) PTE LTD	2,004,000	0.43
17.	MAYBANK KIM ENG SECURITIES PTE LTD	1,880,990	0.40
18.	TIAN TIAN	1,802,000	0.39
19.	OCBC SECURITIES PRIVATE LIMITED	1,761,300	0.38
20.	LEOW EK KUA	1,634,000	0.35
	TOTAL	**394,359,064**	**84.71**

Note:

%: Based on 465,504,000 shares (excluding shares held as treasury shares) as at 18 March 2015

*Treasury Shares as at 18 March 2015 - 26,190,000 shares

Statistics of Shareholdings

As at 18 March 2015

SHAREHOLDINGS HELD IN THE HANDS OF PUBLIC

Based on the information available to the Company as at 18 March 2015, approximately 35.2% of the issued ordinary shares of the Company excluding treasury shares are held by the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited.

SUBSTANTIAL SHAREHOLDERS

(As shown in the Register of Substantial Shareholders)

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

Note:

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

Notice of Annual General Meeting

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

NOTICE IS HEREBY GIVEN that the Annual General Meeting 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 28 April 2015 at 10.00 a.m. for the purpose of transacting the following businesses:-

As Ordinary Business:-

1. To receive and adopt the Directors' Report and Audited Accounts of the Company for the financial year ended 31 December 2014, together with the Independent Auditors' Report thereon. **(Resolution 1)**

2. To declare a final one-tier tax exempt ordinary dividend of 1 Singapore cent per ordinary share and a final one-tier tax exempt special dividend of 0.5 Singapore cent per ordinary share for the financial year ended 31 December 2014. **(Resolution 2)**

3. To re-elect the following Directors retiring by rotation under Article 104 of the Company's Articles of Association, and being eligible, offering themselves for re-election:-

   (i) Mr Liu Jing Fu; **[See Explanatory Note 1]** **(Resolution 3)**

   (ii) Mr Xu Jun; and **[See Explanatory Note 2]** **(Resolution 4)**

   (iii) Mr Koh Choon Kong. **[See Explanatory Note 3]** **(Resolution 5)**

4. To re-appoint the following Directors pursuant to Section 153(6) of the Companies Act (Cap. 50) of Singapore (the "**Act**"), to hold office from the conclusion of this Annual General Meeting until the next annual general meeting:-

   (i) Mr Xu Cheng Qiu; and **[See Explanatory Note 4]** **(Resolution 6)**

   (ii) Ms Xu Chun Hua. **[See Explanatory Note 5]** **(Resolution 7)**

5. To approve the amount of S$180,000 proposed as Directors' fees for the financial year ended 31 December 2014 (2013: S$160,000). **(Resolution 8)**

6. To re-appoint Messrs Nexia TS Public Accounting Corporation as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 9)**

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

Notice of Annual General Meeting

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

As Special Business:-

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

8. **SHARE ISSUE MANDATE** **(Resolution 10)**

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

(a) (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or

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

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

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

provided that:

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

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

(i) new shares arising from the conversion or exercise of any convertible securities;

(ii) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

(iii) any subsequent bonus issue, consolidation or sub-division of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier."
[See Explanatory Note 6]

9. **RENEWAL OF SHARE PURCHASE MANDATE** **(Resolution 11)**

"That:

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

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

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

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

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

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

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

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

(c) in this Ordinary Resolution:

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

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

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

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

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

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

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

(d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they/he/she may consider expedient, necessary or to give effect to the transactions contemplated and/or authorized by this Share Purchase Mandate and/or this Ordinary Resolution." **[See Explanatory Note 7]**

BY ORDER OF THE BOARD

TONG YIPING
HO CHEE TONG
Joint Company Secretaries

Singapore, 10 April 2015

Notice of Annual General Meeting

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

EXPLANATORY NOTES:

1. *Mr Liu Jing Fu will, upon re-election as a Director of the Company, remain as Executive Director and Chief Executive Officer of the Company. There are no relationships (including immediate family relationships) between Mr Liu Jing Fu and the other Directors, the Company or its 10% shareholders.

2. *Mr Xu Jun will, upon re-election as a Director of the Company, remain as Executive Director of the Company. 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.

3. *Mr Koh Choon Kong will, upon re-election as a Director of the Company, remain as Independent Director and member of the Audit Committee, and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. There are no relationships (including immediate family relationships) between Mr Koh Choon Kong and the other Directors, the Company or its 10% shareholders.

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

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

6. The Ordinary Resolution 10 proposed in item 8 above, if passed, will authorise the Directors of the Company from the date of this Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, fifty per cent. (50%) of the issued shares (excluding treasury shares) in the capital of the Company, of which up to twenty per cent. (20%) may be issued other than on a pro-rata basis to existing shareholders of the Company.

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

7. The Ordinary Resolution 11 proposed in item 9 above, if passed, will renew the Share Purchase Mandate which authorises the Directors of the Company from the date of this meeting and continue to be in force until the date on which the next Annual General Meeting is held or required by law to be held, or the date on which the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated, or the date on which the authority conferred by the Share Purchase Mandate is varied or revoked by the Company in a general meeting, whichever is earlier. Detailed information on the proposed renewal of the Share Purchase Mandate is set out in the Appendix to this Notice of Annual General Meeting.

* Detailed information about these Directors can be found under “Board of Directors” and “Corporate Governance Report” in the Company’s Annual Report for the financial year ended 31 December 2014.

NOTES:

(i) A member of the Company entitled to attend and vote at the above Meeting may appoint not more than two proxies to attend and vote instead of him.

(ii) Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.

(iii) If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.

(iv) The instrument appointing a proxy must be deposited at the registered office of the Company at 112 Robinson Road, #12-04, Singapore 068902 not less than 48 hours before the time appointed for holding the above Meeting.

Notice of Annual General Meeting

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

Personal Data Privacy:

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

NOTICE OF BOOK CLOSURE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 6 May 2015, for the purpose of determining shareholders' entitlement to the proposed final dividend, subject to the approval of the shareholders at the Annual General Meeting of the Company to be held on 28 April 2015.

Duly completed registrable transfers in respect of the shares in the Company received by the Company's Share Registrar, Trico Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) of 80 Robinson Road, #02-00, Singapore 068898 up to 5.00 p.m. on 5 May 2014 will be registered to determine shareholders' entitlements to the proposed final dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with shares in the Company as at 5.00 p.m. on 5 May 2015, will be entitled to the proposed final dividend.

The proposed final dividend, if approved by the shareholders at the Annual General Meeting, will be paid on 20 May 2015.

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CHINA SUNSINE CHEMICAL HOLDINGS LTD.

(Incorporated in the Republic of Singapore)

Proxy Form

Annual General Meeting

IMPORTANT:

1. For investors who have used their CPF monies to buy the Shares, this report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.

2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ____ (Name)

of ____ (Address)

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

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

and/or (delete as appropriate)

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

as my/our proxy/proxies to vote for me/us on my/our behalf, at the Annual General Meeting ("**AGM**") of the Company, to be held at Bras Basah Room, Level 4, Raffles City Convention Centre, 80 Bras Basah Road, Singapore 189560 on 28 April 2015 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will determine on any other matter arising at the AGM.

No.	Resolutions relating to:	For*	Against*
1	Adoption of Directors' Report and Audited Accounts for the financial year ended 31 December 2014, together with the Independent Auditors' Report thereon		
2	Declaration of a final one-tier tax exempt ordinary dividend of 1 Singapore cent per ordinary share and a final one-tier tax exempt special dividend of 0.5 Singapore cent per ordinary share for the financial year ended 31 December 2014		
3	Re-election of Mr Liu Jing Fu as a Director		
4	Re-election of Mr Xu Jun as a Director		
5	Re-election of Mr Koh Choon Kong as a Director		
6	Re-appointment of Mr Xu Cheng Qiu as a Director pursuant to Section 153(6) of the Companies Act, Cap. 50		
7	Re-appointment of Ms Xu Chun Hua as a Director pursuant to Section 153(6) of the Companies Act, Cap. 50		
8	Approval of the payment of Directors' fees of S$180,000 for the financial year ended 31 December 2014		
9	Re-appointment of Messrs Nexia TS Public Accounting Corporation as the Company's Auditors, and to authorise the Directors to fix their remuneration		
10	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		
11	Renewal of Share Purchase Mandate		

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

Dated this __________ day of ______________________ 2015

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

____

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

Notes:

1. A member entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote in his stead.

2. Where a member appoints more than one proxy, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as alternate to the first named or at the Company's option to treat this proxy form as invalid.

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

4. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Singapore Companies Act, Cap. 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

5. This proxy form must be deposited at the Company's registered office at 112 Robinson Road, #12-04, Singapore 068902 not less than 48 hours before the time set for the AGM.

6. This proxy form must be under the hand of the appointor or of his attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

7. Where this proxy form is signed on behalf of the appointor of an attorney, the letter or power of attorney or duly certified copy thereof must (failing previous registration with the Company) be lodged with this proxy form, failing which this proxy form shall be treated as invalid.

8. The Company shall be entitled to reject an instrument of proxy form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

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 10 April 2015.

Corporate Information

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

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

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

BOARD OF DIRECTORS
Xu Cheng Qiu *Executive Chairman*
Liu Jing Fu *Executive Director and CEO*
Xu Jun *Executive Director*
Ma Ying Qun *Executive Director*
Tan Lye Heng Paul *Lead Independent Director*
Lim Heng Chong Benny *Independent Director*
Xu Chun Hua *Independent Director*
Koh Choon Kong *Independent Director*

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

NOMINATING COMMITTEE
Lim Heng Chong Benny *Chairman*
Tan Lye Heng Paul
Xu Chun Hua

REMUNERATION COMMITTEE
Xu Chun Hua *Chairman*
Tan Lye Heng Paul
Lim Heng Chong Benny

JOINT COMPANY SECRETARIES
Ho Chee Tong *LL.B (Hons) (Singapore)*
Tong Yiping *ACCA CA (Singapore)*

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

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

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

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

OUR DISTINGUISHED CLIENTS

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

尚舜化工
SUNSINE

CHINA SUNSINE CHEMICAL HOLDINGS LTD

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