



China SunSine Chemical Holdings Ltd.

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Company Registration No.: 200609470N

Prior Year Adjustment and Restatement of 2015 Financial Statements

The Board of Directors (the “**Board**”) of China SunSine Chemical Holdings Ltd. (the “**Company**”, and together with its subsidiary corporations, collectively, the “**Group**”) wishes to announce that a prior year adjustment (“**PYA**”) of RMB 14.1 million under-provision of income tax expense was to be made to the Financial Statements for the financial year ended 31 December 2015 (“**FS2015**”), and the FS2015 is to be restated.

The Accounting Book (“**Local Book**”) of the Company’s subsidiary corporations is prepared in accordance with China Generally Accepted Accounting Principles (“**China GAAP**”). The Local Book is converted and reconciled into another set of Accounting Book (“**FRS Book**”) prepared in accordance with the Singapore Financial Reporting Standards (“**FRS**”) after passing through the necessary adjustments.

Additional staff salaries and bonuses in the aggregate amount of approximately RMB 56 million were accrued (“**Accruals**”) in the Local Book for the financial year ended 31 December 2015, submitted to the Local Tax Bureau. The Accruals were subsequently reversed out in the FRS Book as the Remuneration Committee of the Company and the Board did not recommend to pay out these additional salaries and bonuses.

During the Group’s Final Settlement and Payment of Enterprise Income Taxes Process carried out recently for the Group’s subsidiary corporations in the People’s Republic of China, based on the Local Books, the Accruals were deemed to be a non-deductible item, resulting in an additional RMB 14.1 million income tax expense being paid to the Local Tax Bureau. This has led to an under-provision of income tax liabilities in FS2015. As the under-provision is considered to be material to the FS2015, a PYA was to be made in accordance with the requirements of the FRS.

The effect of the PYA to the balance sheet, net profit and shareholders’ equity of the Group for FS2015 would be as follows:-

FS2015	Previously Reported	Restated
	RMB’000	RMB’000
Income tax liabilities	41,355	55,418
Net profit after tax	209,221	195,158
Shareholders’ Equity	1,189,367	1,175,304

Save as disclosed above, all other information in the FS2015 remains unchanged.

The Company would like to apologise for the above, and assure all stakeholders that the management will be extra vigilant going forward so that such issue will not arise in the future.

BY ORDER OF THE BOARD

Xu Chengqiu

Executive Chairman
29 July 2016