



China SunSine Chemical Holdings Ltd.

112 Robinson Road #12-04 Singapore 068902
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Company Registration No.: 200609470N

ACQUISITION OF FULONG VILLA COMPANY

1. ACQUISITION OF SHANDONG FULONG VILLA CO., LTD

- 1.1 The Board of Directors (the “**Board**”) of China SunSine Chemical Holdings Ltd (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s announcements released on 17 December 2013 and 27 April 2015 (“**Previous Announcements**”) in relation to the establishment of its wholly-owned subsidiary, Shanxian SunSine Hotel Management Co., Ltd (“**SunSine Hotel**”), and the subsequent suspension of negotiations with the Shanxian county local government (“**Local Government**”), respectively.

All capitalized terms used herein but not defined have the same meanings given to them in the Previous Announcements.

- 1.2 The Board wishes to announce that the Company’s wholly-owned subsidiary, Shandong Shanxian Chemical Co., Ltd. (“**Shandong SunSine**”), has recently re-commenced discussions with the Local Government and has, on 24 November 2015, entered into a Project Development Agreement (“**Agreement**”) with Shanxian Fulong Lake Development Administration Committee (“**SFLDAC**”), an administrative body under the Local Government which has administrative authority over the Fulong Lake Development Zone, pursuant to which Shandong SunSine shall acquire (the “**Acquisition**”) all the shares (“**Sale Shares**”) of and the operating rights to Shanxian Fulong Villa Co., Ltd. (“**Fulong Villa Company**”), through SunSine Hotel, for a total consideration of RMB 20 million (or approximately S\$4.4 million, based on the exchange rate of RMB 4.499 to S\$1.00 as at 23 November 2015) (the “**Consideration**”). The Acquisition was brokered by the Local Government which had reclaimed the operating rights to the Fulong Villa Company from the existing owners (“**Existing Owners**”) after the company stopped business operations in or around 2012 and became dormant, and the Local Government has agreed, under the Agreement, to facilitate and procure the registration of the transfer of the Sale Shares from the Existing Owners to SunSine Hotel.

2. INFORMATION ON FULONG VILLA COMPANY

- 2.1 Fulong Villa Company is a limited liability company established in Shanxian County, Heze City, Shandong Province, the People’s Republic of China (“**PRC**”). It is principally engaged in the business of hotel management and catering services. It has a paid-up capital of RMB 19 million and owns Shanxian Fu Long Lake Convention Centre (“**Property**”), which is an hotel cum convention centre located in the Fu Long Lake area in Heze City, Shandong Province, PRC. The hotel cum convention centre has stopped operations and the business is currently dormant.
- 2.2 The Property comprises a land area of approximately 50 mu (or approximately 33,618 square metres) and a gross floor area of approximately 15,000 square metres, together with auxiliary buildings and other facilities and assets.



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3. RATIONALE FOR THE ACQUISITION

Although the PRC is currently experiencing slower economic growth, the Group is still confident of the growth prospects of the hospitality sector in the PRC, given the increase in an affluent middle class population in the PRC. The Board believes that this is a unique opportunity for the Group to make a strategic, long term investment when the tourism industry in Heze City is still in its infancy. As the Shanxian Fulong Lake area further develops, and with the promotion of the Fu Long Lake by the Local Government as a recreational and tourist destination, the Board believes that the value of the Property and its surrounding areas will be enhanced in the long term. Consequently, the Group will be able to tap the rapidly growing hospitality sector to generate returns for the Group in the future.

4. CONSIDERATION

- 4.1 The Consideration was arrived at on a “willing buyer willing seller” basis, after taking into account a valuation report (“**Report**”) on the Property issued on 18 November 2015 by Jinan Jianda Asset Valuation Partnership (“**Independent Valuer**”), which valuation was commissioned by the Company. The Report indicated that the value of the Property amounted to approximately RMB 27 million. The Independent Valuer adopted re-development and open market value method to determine the valuation of the land, and cost method to determine the valuation of the properties as there are no comparables available in terms of its use and location, as well as the valuation of the rest of the assets.

The Board, after reviewing the Report from the Independent Valuer, is of the view that the Consideration of RMB 20 million is reasonable.

- 4.2 No book value or net tangible asset value of Fulong Villa Company is available as Fulong Villa Company has stopped business for years, and thus no management accounts were prepared. The management of the Company intends to prepare a new set of accounts of Fulong Villa Company based on the Report after the Acquisition. Under the Agreement, SFLDAC undertakes that it shall bear all past liabilities of Fulong Villa Company, and shall procure creditors’ written acknowledgment that they shall have no claims against the Group, and the Group shall not be liable for any liabilities or claims, arising before the date of signing of the Agreement.
- 4.3 The Consideration shall be paid within one week upon execution of the formal agreement in respect of the Acquisition.

5. RELATIVE FIGURES COMPUTED PURSUANT TO RULE 1006 OF THE LISTING MANUAL

The relative figures for the Acquisition computed on the applicable bases set out in Rule 1006 of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited amounted to less than 5%, and is therefore considered a non-discloseable transaction as defined under Chapter 10 of the Listing Manual. The aggregate value of the Consideration of RMB 20 million (or approximately S\$4.4 million) represents approximately 2.65% of the Company’s market capitalization of approximately RMB 756 million (or approximately S\$168 million) as at



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23 November 2015¹. As the Acquisition is a purchase of the shares of a company which has terminated its business operations for years, there is no profit attributable to these assets.

6. FINANCING AND FINANCIAL EFFECTS

The Acquisition will be funded by internal resources and are not expected to have any material impact on the consolidated net tangible assets per share or earnings per share of the Group for the financial year ending 31 December 2015.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Acquisition. No person is proposed to be appointed as a Director of the Company in connection with the Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

BY ORDER OF THE BOARD

Xu Chengqiu
Executive Chairman
26 November 2015

¹ "Market capitalisation" of the issuer is determined by multiplying the number of shares in issue (excluding treasury shares) by the weighted average price of such shares transacted on the market day preceding the date of the Agreement.