

# CHINA SUNSINE CHEMICAL HOLDINGS LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No. 200609470N)

## MINUTES OF THE EXTRAORDINARY GENERAL MEETING HELD AT INDIANA & MINTO ROOM, LEVEL 4, RAFFLES CITY CONVENTION CENTRE, 252 NORTH BRIDGE ROAD, SINGAPORE 179103, ON FRIDAY, 8 NOVEMBER 2019 AT 3.00 P.M.

2019年11月8日, 星期五, 下午3点在新加坡莱佛士城会展中心4楼, 邮编: 179103 举行的特别股东大会会议记录

### Present 出席

Shareholders/Proxies The full attendance list of shareholders and proxies is separately maintained by the Company Secretary.

### Board of Directors 董事会

Mr Xu Jun	Executive Director
Mr Xu Xian Lei	Executive Director
Mr Lim Heng Chong Benny	Lead Independent Director, Chairman of Nominating Committee
Mr Koh Choon Kong	Independent Director, Chairman of Audit Committee
Mr Tan Lye Heng Paul	Independent Director
Mr Yan Tang Feng	Independent Director

### In Attendance / By Invitation 受邀出席

Mr Tong Yiping	Chief Financial Officer and Joint Company Secretary
Ms Dai Lingna	Joint Company Secretary
Mr Robert Tan	Share Registrar, Tricor Barbinder Share Registration Services
Mr Sean Ng	Share Registrar, Tricor Barbinder Share Registration Services
Mr Muhammad Farhan	Share Registrar, Tricor Barbinder Share Registration Services
Mr Melvinder Singh	Scrutineer, Virtus Assure Pte. Ltd.
Mr Joshua Siow	Scrutineer, Virtus Assure Pte. Ltd.

### Absent with Apologies 因故缺席

Mr Xu Cheng Qiu	Executive Chairman
Mr Liu Jing Fu	Executive Director and Chief Executive Officer
Mdm Xu Chun Hua	Independent Director, Chairman of Remuneration Committee

## 1. CHAIRMAN 大会主席

Mr Paul Tan, the Independent Director of the Company, was appointed in accordance with the Constitution of the Company to preside as the Chairman of the Company's Extraordinary General Meeting (the "**Meeting**"), in place of Mr Xu Chengqiu, the Executive Chairman of the Company. On behalf of the Board of Directors, Mr Paul Tan (the "**Chairman**") took the chair of the Meeting and extended a warm welcome to all

present. The Meeting was declared open.

根据公司章程，委任公司的独立董事，陈来兴先生为大会主席，代替公司的执行主席徐承秋先生主持此次特别股东大会（“大会”）。陈来兴先生（“主席”）代表董事会欢迎出席的各位股东并宣布大会开始。

## 2. QUORUM

### 法定人数

Having ascertained that a quorum was present, the Chairman called the Meeting to order at 3.00 p.m..

主席确认出席会议的人数已构成足够的法定人数，并于下午 3.00 时宣布会议开始。

## 3. NOTICE

### 会议通知

The Notice of Meeting dated 23 October 2019, having been previously circulated to the members, was taken as read.

会议通知已于 2019 年 10 月 23 日提前派发给所有股东，视为已被阅读。

## 4. (ORDINARY RESOLUTION) PROPOSED SHARE SPLIT OF EVERY ONE (1) ORDINARY SHARE IN THE CAPITAL OF THE COMPANY INTO TWO (2) ORDINARY SHARES

（普通决议）批准拟议的拆股，将公司股本中的每一（1）股普通股分拆为两（2）股普通股。

The Chairman informed that the voting on the proposed resolution at the Meeting will be conducted by poll after the proposed resolution at the Meeting has been duly proposed and seconded. The item of business to be dealt with is an Ordinary Resolution to approve the proposed share split of every one (1) ordinary share in the capital of the Company into two (2) ordinary shares.

主席告知，本次会议的拟议议程将在该议程被妥当提议与支持后通过记名投票表决。该项普通决议是批准拟议的拆股，将公司股本中的每一（1）股普通股分拆为两（2）股普通股。

The Chairman invited questions from members on this item.

主席请股东们就该项提问。

Mr Manohar P Sabnani commented that when companies carry out stock split, usually they are growing, expanding and wanting to pay more to shareholders. They foresee that they are able to sustain the dividends even after splitting the stock and are confident that their earnings are going to recover. However, for the Company, based on 3Q2019 financial results, though still healthy, there is a squeeze on the margins and the earnings are down, which is not exactly continuation of what it has enjoyed for the last three or four years. He thinks the timing of doing share split is a bit odd.

Manohar P Sabnani 先生评论说，一般拆股的公司是在发展扩张，希望股东获得更多收益。他们预见自己能在拆股后保持分红并有信心盈利能恢复。然而，基于公司 2019 年第三季度的业绩，利润减少了，盈利降低了，这并不是公司过去三四年表现的延续。他认为拆股的时机有点奇怪。

He enquired whether the nominal value of the dividend per stock will be maintained after the share split.

他询问，拆股后每股的股息价值能否保持。

He further enquired moving ahead with increased capacity, how confident the Company is in increasing its sales volume, maintaining margins and profits and translating to dividends.

他进一步询问，产值增加后，公司有多大信心增加销售量，保持利润率和盈利，并转化为分红。

Mr Xu Xianlei replied that the amount of dividends to be distributed would not be fixed. It depends on the Company's cash level and its future development plan. 2017 and 2018 have seen exceptionally high gross profit margin ("**GPM**") of over 30%. However, it is detrimental to the Company's long-term relationship with its major customers if its GPM is always hovering at such a high level which will in turn affect its sales volume. GPM around 20% to 25% is more acceptable to its customers.

徐先雷先生回答，分红的金额不会是固定的，要基于公司的资金情况及未来发展计划。2017 年和 2018 年公司的毛利率尤其高，超过了 30%，但毛利率长期处于高位不利于公司与其大客户维持长期合作关系，从而影响销售量。20%-25%的毛利率对客户来说更容易接受。

Mr Paul Tan added that the Company has historically achieved more than 90% sales volume compared to its capacity. The Company is confident whenever it increases its capacity, and the Company is able to sell, which has been proven as well. The Company is continuing to increase its capacity by expansion. However, in terms of GPM, 25% would be the norm. One reason for GPM to exceed 30% over the last 2 years is that the Chinese government clamped down on environmental pollution where some of its competitors have to cease operation or close down factories and the Company benefited from the shortage of supply in the market. The Company is always above the curve in complying with the ever-stringent environmental protection regulations that the Chinese government has implemented.

陈来兴先生补充说，公司的销售额一直达到其产能的 90% 以上。公司有信心只要其增加产能就能销售出去，这也一直被证实。公司将继续通过扩张增加产能。然而，25% 的毛利率将会是常态。毛利率在过去两年超过 30% 的原因之一是中国政府整治污染，使一些竞争者不得不停产或关闭工厂，公司因市场供应短缺而获益。公司总是在遵守中国政府施加的越来越严格的环保措施上做得比别人好。

Mr Manohar P Sabnani further enquired whether the Company can give any guidelines on dividend policy.

Manohar P Sabnani 先生进一步询问公司的股息政策。

Mr Koh Choon Kong replied that the Company's dividend policy of paying out 20% of the Group's consolidated net profit after tax for the last 2 years has expired in 2019 but the Board of Directors has not made a final decision on the dividend policy. The Board will discuss and debate the merits of giving more or less dividends after reviewing the budget and the capex for the next couple of years so that they can make a more informed decision. Looking at the track record of the Company for the past 11 years since its listing in 2007, it has been distributing dividends every year. 2018 was an extraordinarily good year for the Company, and management does not foresee over 30% of margin for the next year, but it is not impossible.

许诚光先生回答，公司过去两年的股息政策至 2019 年就已经到期了，但董事会尚未就最终的股息政策作出决定。董事会将在查阅公司接下来几年的预算和资本支出后讨论支付更多或更少股息的好处，这样才能作出明智的决定。从 2007 年上市起的过去 11 年，公司每年都在支付股息。2018 年对公司来说是业绩特别好的一年，管理层不认为接下来一年的毛利率能超过 30%，但这也不是不可能的。

He still recalls that in 2007 when the Company was seeking to be listed on the SGX, he communicated with investors that they were looking at 20-25% gross margins which was

the norm at that time. With changes in the regulations and enforcement of environmental protection measures from China's government which may increase the barrier to enter, there might be a new norm. It is hard to say and depends on the efforts from the other competitors, whether they are able to keep up with all these rules and regulations. It is not impossible for the Company to hit another 30-35% gross margin in certain particular quarter, but long-term wise, the rubber chemicals industry is a very mature industry. Things are dynamic.

他回忆起 2007 年当公司寻求在新交所上市时，他和投资者交流，他们希望毛利率能达到 20-25%，这在当时是常态。随着中国政府环保管控和实施力度的加强，行业准入难度增加，可能会出现新常态。这很难说，要看其他竞争者是否能遵守这些规则。公司在之后某个季度毛利率达到 30-35% 也不是不可能，但长期来看，橡胶化学行业是很成熟的行业。事物是很多变的。

Mr Benny Lim noted that for those existing shareholders who have been following the Company for a long time, they may realise that there is something unique about this company, which is that its performance is essentially very curtailed by its production capacity. The Company has been producing up to its capacity for a long time. It appears that when they are able to produce, they are able to sell. Therefore, the Company does not have so much problem with selling and it is a question of how much it can produce. As announced recently, it acquired a big piece of land for its long-term development for the next 5 to 10 years. The Company has generally been very prudent in terms of how it manages its funds. It is probably one of those very few companies which require huge capex but it does not have any gearing. The Chairman wants to be very certain that when the Company needs funds, the funds are there. Obviously, it will have an impact on how much it is able to give out in terms of dividends, but looking at the track record of the Company, it has been paying dividends since day one. He believes that the Company will continue to do so, so long as it has cash and its development plans are in line with the demand of the market and its requirement for cash is managed in a good way. Given that management has not finalised the plans for its capex on the newly acquired land, they cannot decide on the dividend policy at this juncture.

林亨聪先生强调，对于追随公司多年的现有股东，他们意识到这个公司有其独特之处，这就是公司的业绩本质上受产能的限制。公司很长一段时间的产能都几乎达到了顶限，似乎公司生产多少就能卖出多少。因此，公司在销售上没太大问题，问题在于产量。如近期公告所披露，公司为其接下来五年至十年的长期发展收购了一大块土地。公司在管理资金方面一向都很谨慎。尚舜属于为数不多的需要巨大资本支出但资本负债比率为零的公司。徐承秋主席希望保证在公司需要资金的时候就有资金。很明显，这将影响公司分红的金额，但从公司历史记录来看，公司自上市后每年都在分红。他相信只要公司有资金，其发展计

划与市场需求一致且其能很好地处理资金需求，就会继续分红。由于管理层就新收购土地的资本支出尚未定下最终计划，目前他们无法决定股息政策。

Mr Tan Han Siah enquired why the Company wants to increase capacity at the time when its revenue went down and car sales in China declines.

Tan Han Siah 先生询问公司为何在营业收入下降，中国汽车销量减少时增加产能。

He further enquired about the impact of the US-China Trade War on the Company.

他进一步询问中美贸易战对公司的影响。

Mr Xu Xianlei replied that the revenue does not drop continuously year by year. Both 2018 and 2019 are exceptions. In 2018 the average selling price and raw material prices were exceptionally high, while in 2019, the average selling price and raw material prices were the lowest in the past 10 years. The Company increases its production volume year by year to meet the demands of its customers and retain major customers with stable supply. Given that its market share in China and overseas are 25% and 17-18% respectively, there is still great room for increase of its production volume.

徐先雷先生回答，营业收入并不是持续下降的。2018 和 2019 年都是例外。2018 年的平均销售价格和原材料价格特别高，而 2019 年的平均销售价格和原材料价格是过去 10 年来最低的。公司每年都会增加产量以满足客户的需求并以稳定的供货留住大客户。同时，公司的市场占有率在中国是 25%，在国际上是 17-18%，产量仍然有很大的上升空间。

On the US-China Trade War, Mr Xu Xianlei replied that it does not have much impact on the Company as its direct sales to the US accounts for only 3% of its total sales. The US still relies on import for rubber chemical products as they do not have local substitutes of the same capacity. However, the Trade War does affect our tire-maker customers, who are forced to move factories to South-east Asia and Europe. Our customers hope the Company can set up factories in those areas to continue supplying them.

关于中美贸易战的影响，徐先雷先生回答说，中美贸易战对公司的影响不大，因为公司直接出口到美国的产品只占总销售量的 3%。由于美国当地没有大产能的替代工厂，美国的橡胶化学品仍然依靠进口。然而，贸易战影响了我们的轮胎制造商客户，他们被迫将工厂转移到东南亚及欧洲。他们希望公司也能在这些地方建厂继续供货给他们。

Mr Seah enquired about the Company's position in the rubber chemicals industry.

Seah 先生询问公司在橡胶化工行业的地位。

Mr Xu Xianlei replied that the Company is the world largest in terms of revenue in the rubber chemicals industry. It is the world largest producer of accelerators. For anti-oxidant sales, it ranks the third and for Insoluble Sulphur (“IS”), it ranks No.1 in China and No.2 in the world.

徐先雷先生回答，公司的橡胶化学品整体销售收入在全球是最大的，公司是全球最大的促进剂生产厂家，防老剂处在第三位，不溶性硫磺中国最大，全球第二。

Mr Seah noted that a few months ago, there is an announcement that a very big rubber chemicals company has applied for listing in Shanghai Exchange and this is their third time. He enquired whether this rubber chemicals company is a very big competitor and whether it is going to have profit pressure on the Company.

Seah 先生说，几个月前看到一个公告，一家很大的橡胶化学公司申请在上交所上市，这是他们第三次申请了。他询问这个橡胶化学公司是不是一个大的竞争对手，会不会对公司带来利润压力。

Mr Xu Xianlei replied that the Company is not aware of the listing of another rubber chemicals company on Shanghai Exchange. He informed that there are mainly four big players in the China rubber chemicals industry. The market would not allow a monopoly so the Company would not be the only one manufacturer.

徐先雷先生回答，公司不知悉有关其他橡胶助剂公司上市的消息。他告知，中国主要有四大橡胶助剂企业。市场也不会允许一家垄断，因此公司不会是唯一的一家。

Mr Chua Ghim Hock (Cai Jinfu) enquired why the Company chose to do stock split instead of one for one bonus issue which will achieve similar effect.

Chua Ghim Hock (Cai Jinfu)先生询问公司为何选择拆股而不是发行红股，他们的效果很相似。

Mr Paul Tan replied that at the board level, they have discussed this several times as to whether they should go the direction of a bonus issue or a share split. The effect of bonus issue and share split is very similar in that sense, but bonus issue for all intended purposes is a distribution of dividends. Because it is dividends, there will be implications. In Singapore and for Singapore shareholders/taxpayers to receive dividends from a Singapore company, it is tax-exempted. However, a significant portion of the Company's shareholders are foreign shareholders who will be receiving it as income which may be subject to tax.

陈来兴先生回答，在董事会层面，他们讨论过很多次是选择拆股还是发行红股。发行红股达到的效果和拆股很类似，但发行红股是一种分红，因此会有后果。在新加坡，对于新加

坡股东/纳税人来说，从新加坡公司获得分红是免税的，但公司很大一部分股东不是新加坡人，分红将作为收入，可能需缴所得税。

Mr Benny Lim added that another rationale for share split is to increase liquidity with a view to attracting a more diverse group of new investors looking at the Company and at the same time investing in the Company. By doing a stock split, theoretically the shares become more affordable for some shareholders or prospective investors.

林亨聪先生补充说，他们希望增加股票流动性，以吸引更多新的投资者关注公司，同时投资公司。拆股理论上使股票对于一些股东或潜在投资者来说更便宜。

The other reason is that there is stringent requirement to do stock split. Its share price must be more than one dollar at the time of application to the SGX for the stock split. If its share price is not above one dollar, the theoretical post-split share price will be less than 50 cents and the SGX will not approve the proposed share split under the Listing Rules.

另一个原因是拆股有严格的要求。在向新交所申请拆股时，其股价必须不低于一新币。如果股价不到一新币，理论上拆股后的股价少于 0.5 新币，根据上市条规，新交所不会批准拟议的拆股。

Mr Chua Ghim Hock (Cai Jinfu) enquired why the Company wants to do stock split at the ratio of 2 for 1.

Chua Ghim Hock (Cai Jinfu)先生询问公司为何要把一股拆成两股。

Mr Benny Lim replied that, it is cleaner and easier to calculate as there will be no odd lots and also easy for investors and shareholders to understand. So if previously you have 1,000 shares, now you have 2,000 shares after the share split.

林亨聪先生回答，从会计角度，一分为二更清楚，更容易计算，不会有碎股，便于投资者及股东理解。这样，如果你之前持有 1,000 股，现在在拆股后你持有 2,000 股。

There being no further questions from the members present, the following resolution was put to the Meeting:

股东无其他问题，以下决议在大会宣读：

“The Ordinary Resolution to approve the Proposed Share Split as set out in the Notice convening this Meeting be approved.”

“通过本次会议通知中的普通决议，拟议的拆股。”



The resolution was proposed by Mr Lau Tat Fong and seconded by Mr Manohar P Sabnani.

该决议由 Lau Tat Fong 先生提议，由 Manohar P Sabnani 先生支持。

The Meeting was adjourned at 4.13 p.m. pending the results of the votes cast on the resolutions.

会议在下午 4 点 13 分暂停，等待决议投票结果。

The Meeting resumed at 4.28 p.m. for the results of the votes cast on the resolution.

会议在下午 4 点 28 分继续，宣布决议投票结果。

## **5. RESULTS OF THE MEETING**

### **会议结果**

The Polling Results was handed over to the Chairman after being duly verified by the scrutineer, Virtus Assure Pte. Ltd. The Chairman announced the polling results as follows: 记名投票结果由监票人，Virtus Assure Pte. Ltd.，核对后交给主席。主席宣布投票结果如下：

For the above Ordinary Resolution, 367,857,193 votes have been cast FOR the Resolution, and 146,800 voting AGAINST the Resolution. The Chairman declared the Resolution carried.

关于上述普通决议，有 367,857,193 票赞成票，146,800 票反对票，主席宣布决议通过。

## **6. END OF MEETING**

### **会议结束**

There being no further business, the Meeting ended at 4.30 p.m. with a vote of thanks to the Chairman.

无其他事项，会议于下午 4 点 30 结束，致谢主席。

CHINA SUNSINE CHEMICAL HOLDINGS LTD.

(Company Registration No.: 200609470N)

Minutes of Extraordinary General Meeting held on 8 November 2019

---

CONFIRMED BY:

确认人:

---

Mr Paul Tan

陈来兴先生

CHAIRMAN OF THE MEETING

大会主席